

Herald Tribune

INTERNATIONAL

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THE WEATHER — PARIS: Friday, cloudy with rain. Temp. 10-18 (50-64). LONDON: Friday, overcast with rain. Temp. 13-19 (55-66). CHANDELIER: Friday, overcast with rain. Temp. 13-19 (55-66). BRANIFF: Friday, overcast with rain. Temp. 13-19 (55-66). NEW YORK: Friday, cloudy. Temp. 10-16 (50-61).

Algeria... 1.500 Fr. Iran... 125 Rials Nigeria... 100 N.
 Argentina... 1.000 Ps. Israel... 12.700 Sheqels Oman... 200 Rials
 Australia... 2.000 Aus. Italy... 2.000 Lire Paraguay... 2.000 Gu.
 Belgium... 20 Bfr. Jordan... 200 Dhs. Qatar... 200 Rials
 Brazil... 2.000 Cr. Kuwait... 1.000 Din. Saudi Arabia... 2.000 R.
 Canada... 2.000 Can. Lebanon... 1.000 L.L. Singapore... 2.000 S.
 Ceylon... 2.000 Ru. Libya... 1.000 D. South Africa... 2.000 Rand
 Denmark... 2.000 Kr. Mauritania... 2.000 M.D. Sweden... 2.000 Kron.
 Egypt... 2.000 P.L. Mexico... 2.000 Pesos. Switzerland... 2.000 Sw.
 France... 2.000 Fr. Morocco... 2.000 Dirhams. Taiwan... 2.000 N.T.
 Germany... 2.000 DM. Oman... 2.000 Rials. Turkey... 2.000 Liras
 Great Britain... 2.000 S. Pakistan... 2.000 Rupees. U.S. M. P. ... 2.000 Cents
 Greece... 2.000 Dr. Philippines... 2.000 P. Yugoslav... 2.000 D.

No. 30,675 PARIS, FRIDAY, OCTOBER 2, 1981 Established 1887

Other Donors Tie Third World Aid To U.S. Cutbacks

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — Foreign aid has served notice that will scale back their contributions to the poorest countries in proportion to any reductions made by the United States.
The decision, made Wednesday by delegates attending the 30th annual meeting of the World Bank and the International Monetary Fund, may unravel a three-year, \$5-billion commitment made by

billions a year, but Congress has already trimmed the first-year outlay to \$500 million and in the budget reconciliation bill approved last summer voted to stretch out the full payment over four years.
\$820 Million Asked
The administration has asked for \$820 million in the second year, but U.S. legislators attending some sessions of the weeklong conference in Washington expressed doubts that this amount would be approved.
Three Republican representatives — Norman D. Shumway of California, Robert L. Livingston of Louisiana and Mickey Edwards of Oklahoma — questioned whether the appropriation request would even get to the floor. If it does not, analysts said, Congress will probably pass a continuing resolution, providing for financing at the prior year's level.
Under the decision made by other donor nations, the \$12-billion development agency package could thereby be trimmed by more than \$2 billion.
U.S. Treasury Secretary Donald T. Regan sought to dispel some of the gloom at the conference Wednesday, predicting that global conditions would improve if countries adhered to austerity policies. "There are encouraging signs in our economic future," he said.

Iranian Raid Reported On Oil Site in Kuwait

REUTERS
KUWAIT — Kuwait reported that Iranian aircraft attacked a Kuwaiti oil installation Thursday and set it ablaze.
The report was apparently corroborated by U.S. radar planes based in Saudi Arabia, which Iran denied involvement and countered by blaming its enemy in the Gulf, Iraq, for the attack.
Kuwait said three Iranian planes bombed an oil complex north of Kuwait city, destroying parts of it but causing no casualties.
The U.S. secretary of state, Alexander Haig Jr., told the Senate Foreign Relations Committee in Washington that U.S. AWACS radar planes in Saudi Arabia had monitored Iranian planes bombing Kuwait.

Controversial Issue
Mr. Haig's revelation highlighted the controversial issue of U.S. radar planes in Saudi Arabia, strongly opposed by Israel and much of the U.S. Congress.
The secretary of state said the AWACS monitoring of the attack on Kuwait was a "God-given warning" of the importance of the radar planes.
Mr. Haig said a U.S. AWACS plane in Saudi Arabia had picked up Iranian aircraft almost from the time they became airborne on their flight to bomb the oil installation.
No advance warning was given to Kuwait, but Mr. Haig said that if the AWACS had been in the Saudi defense system they would have given warning in time to enable the Saudi Arabians to deploy fighters and engage them before they could drop their bombs.
Iranian Foreign Ministry officials, quoted by Tehran Radio, blamed Iraqi planes for the attack on Kuwait but offered no proof.
Iran Alleges Plot
They said the attack was part of an anti-Iranian plot by the United States and Israel, with the cooperation of Britain and France. The plot was linked to recent visits to the Middle East by French President François Mitterrand, British Prime Minister Margaret Thatcher, the Iranian officials asserted.
Kuwait has accused Iran of



Rescuers carry a victim of a car bomb that exploded Thursday morning in West Beirut, killing at least 40 persons and wounding 247 others near the offices of the Palestine Liberation Organization.

Car Bomb in West Beirut Kills 40, Wounds 247 Near Offices of PLO

UNITED PRESS INTERNATIONAL
BEIRUT — A powerful car bomb exploded outside a PLO office in a densely populated Palestinian neighborhood in West Beirut on Thursday morning, killing at least 40 persons and wounding 247 others, officials said.
Moments after the blast, another booby-trapped car was found on the same street and defused as guerrillas converged on the area to remove casualties.
Majed Abu Sharar, head of the Palestine Liberation Organization's information bureau, blamed "Lebanese agents of the United States and Israel" for the attack, the third in Lebanon in four days and the sixth since Sept. 17.
The police said at least 40 persons were killed and the Palesti-



MOURNING IN TEHRAN — Funeral ceremonies were held Thursday in Tehran for four top military leaders killed in a plane crash Tuesday. Despite the deaths, however, Iranian leaders are going ahead with elections Friday to replace slain President Mohammad Ali Rajai. Story, Page 2.

U.S. Will Nearly Triple Grain Offered to Russia

By Dusko Doder
Washington Post Service
MOSCOW — The Reagan administration agreed Thursday to provide an additional 15 million tons of grain to the Soviet Union during the next 12 months, boosting to a record level the availability of American wheat and corn. Moscow needs to offset a poor harvest.
The agreement was announced by Undersecretary of Agriculture Seely Lodwick after two days of talks with senior Soviet officials. It raises to 23 million tons the amount available to the Soviet Union for the period of Oct. 1, 1981, to Sept. 30, 1982.
In a prepared statement that he read at a news conference, Mr. Lodwick said that it was his "best judgment" that the Russians would purchase an additional 10 million tons, bringing total U.S. exports to the Soviet Union to 18 million tons for the crop year.
Another official said later that the Russians may take all available American grain in case Argentina has a below-average harvest, as is expected.
The Russians have already purchased 7.7 million tons of U.S. grain; this was part of the 8-million-ton ceiling allowed under the previous sales agreement for the period. U.S. officials said the largest previous Soviet purchase of American grain in a single crop year was 15.5 million tons in 1978-79.

Reagan Says AWACS Needed for Oil Security

By Fred Fariss
International Herald Tribune
WASHINGTON — As his chief Cabinet members fought to save his proposal to sell AWACS planes to Saudi Arabia, President Reagan declared Thursday that the sale did not threaten Israel and was necessary "to defend the oil fields on which the security of the free world depends."
He also declared that the United States would not allow Saudi Arabia "to be an Iran."
On Capitol Hill, Secretary of State Alexander M. Haig Jr. announced a U.S.-Saudi "understanding" regarding a U.S. presence on the radar surveillance planes well into the 1990s.
His son, John H. Glenn Jr., Democrat of Ohio, a principal opponent of the AWACS sale, said his conditions for dropping his objections "have not been met yet." He spoke after hearing closed-door testimony from Mr. Haig, who formally presented the Reagan administration's proposed sales package to the Senate Foreign Relations Committee.
Mr. Reagan said at a news conference that both Israel's security and the stability of a Middle East peace were of vital concern to the United States. He emphasized that the plan "to sell the \$8.5-billion package of five radar planes and aircraft arms improvements also "enhances our own vital national interests in the Middle East."

Carter Embargo

Former President Jimmy Carter imposed an embargo on grain exports to the Soviet Union after the intervention in Afghanistan in December, 1979. The ban exempted 8 million tons previously contracted for in the 1979-80 period and the same amount for the current crop year.
President Reagan ended the embargo this year in keeping with his election campaign criticism last fall that the ban was unfair to American farmers.
Mr. Carter's cancellation of contracts for 17 million tons of grain — above the contracted 8 million tons not affected by the embargo — was the first time the United States has eased its "no food for war" policy in foreign policy. It was widely argued in Washington that the lifting of the restriction by Mr. Reagan would send a wrong signal to the Russians.
Moscow's negotiators were believed to have sought assurances from the American side that unforeseen political developments in the future would not lead to a new embargo. However, Donald No-

Walesa Opposed in Union Election By 2 Radical Chiefs and Moderate

By John Danton
New York Times Service
GDANSK, Poland — Three Solidarity leaders entered their candidacy Thursday to oppose Lech Walesa as chairman of the union, one of them representing the same sort of moderate line as Mr. Walesa and two of them more radical.
Delegates at the national congress were widely expected Mr. Walesa, the charismatic international symbol of his movement, to win easily in the voting, which was set for Friday. But the tallies will be watched closely, to gauge both his hold over the union and the relative strength of the various factions.
Meanwhile, a high official of the union, Bogdan Lis, called for a cutback in Poland's military expenditures as part of an austerity drive to help the country out of its crisis.
The idea, which was not formally added to the union's program, is bound to incur opposition from the government, which will likely view it as a dangerous intrusion on the authorities' prerogatives.
Collected Signatures
The three opponents, who each collected more than 50 signatures on qualifying petitions, were Andrzej Gwiazda, a 46-year-old engineer from Gdansk and No. 2 official in the union; Marian Jurczyk, a 46-year-old warehouse manager who heads the union chapter in Szczecin; and Jan Rulwski, a 36-year-old construction engineer and leader of the Bydgoszcz chapter.
Both Mr. Gwiazda and Mr. Rulwski are regarded as militants in the leadership, meaning that they are less open to compromise on such issues as workers' participation in the management of industries.
Mr. Gwiazda, a lanky, bearded man often thought of as a theoretician of the movement, spent three years of his childhood in a Siberian camp, where his father was sent as a Polish military officer.
Mr. Rulwski, who attended the military academy, spent four years in jail for desertion from the Polish Army. In March, he was one of three beaten up when police

INSIDE

Printers Yield

Printers whose pay dispute threatened to close The Times of London and The Sunday Times have agreed to return to work. Page 2.

Russia Assailed

The Soviet Union became the target for the leaders of four Commonwealth countries at a meeting in Melbourne. Page 5.

EXTRA FARE

Communications

Trends in the fast-moving world of communications technology are examined in a special supplement that appears today on Pages 7S-12S.

Italian Fashion

Tomorrow, as the showings of the Milan collections begin, the IFT takes a look at the international success of Italy's thriving fashion industry.

Reagan threatens to veto legislation exceeding his spending targets. Page 2.

The U.S. is listening carefully to Israeli proposals for stronger military ties. Page 3.

say that Saudi Arabia, we will not permit to be an Iran."
He was asked later how he could prevent an Iran-type upheaval in Saudi Arabia. Although the United States had made mistakes in Iran, Mr. Reagan replied, in Saudi Arabia it is not just the United States but the entire Western world that is involved.
"There is no way we could stand by and see those energy resources taken over by anyone [else]," Mr. Reagan said, referring to the fact that oil from Saudi Arabia and the Gulf region supply a large part of the energy for the industrialized world.
Mr. Haig was followed by Defense Secretary Caspar W. Weinberger in urging the Senate Foreign Relations Committee in secret sessions to embrace the Saudi sale.

The deal would go forward unless both houses of Congress vetoed it by majority vote within 30 days after its submission. In the House, it is opposed by an apparent majority, so the administration is concentrating its efforts in the Senate, where it might still be salvaged.
The administration's formal submission of the arms package had been postponed from Wednesday, reportedly to gain additional time for administration negotiations with the Saudi Arabians to develop a formula that the Senate would accept.

Sen. Charles H. Percy, Republican of Illinois and chairman of the Foreign Relations Committee, said he thinks there are "new assurances" from Saudi Arabia "to surmount the hurdle of joint U.S.-Saudi manning of the planes. Sen. Glenn has proposed that U.S. crews remain aboard the AWACS planes in Saudi Arabia, a notion that authoritative Saudi sources had rejected as infringing on the kingdom's sovereignty.
Mr. Haig said after the Senate committee hearing that a key point of an eight-part "understanding" with Saudi Arabia is that "only carefully screened Saudi and U.S. nationals will be permitted to be involved with these aircraft."
He added: "Given the shortage of Saudi air crews and technicians, this means that there will be an American presence in the aircraft and on the ground well into the 1990s."

In addition to the five Airborne Warning and Control Systems craft, the package included eight Boeing 707 aerial refueling planes, 177 Super Sidewinder air-to-air missiles for its jet fighters, 202 special fuel tanks that will permit Saudi F-15 fighters to increase their range, plus spare parts. AWACS can carry equipment to detect aircraft attacking from more than 200 miles (320 kilometers) away, compared with 20 miles for ground radar.
Israel has declared the proposal a threat to its security. But Mr. Reagan on Thursday, in his fourth formal news conference, underscored his conviction that it was not a threat to Israel.
"Moreover," he said, "it was important for other nations to perceive that the United States was not allowing other nations — some observers interpreted this to mean Israel — to make American foreign policy."

Russia Reportedly Proposes New Guidelines in U.S. Relations

By Bernard Gwertzman
New York Times Service
WASHINGTON — The Soviet Union has proposed to the United States that the two countries seek agreement on a new set of principles to govern relations between them, with the stress on each side's pledging not to seek military advantage over the other, according to a senior State Department official.

In a briefing in New York on Wednesday morning the official provided some additional details on Secretary of State Alexander M. Haig Jr.'s nine hours of discussions with Foreign Minister Andrei A. Gromyko on Sept. 23 and 24.

As was already made known, the two sides "held" in the position they came into the talks with," the official said, "but both sides listened seriously to the other and neither refused to discuss issues raised by the other side."

He said that while the Russians stressed the value of a new agreement in principle on military equality, the Americans pressed for resolution of specific problems such as Afghanistan and Cambodia, and for an end to Soviet support for insurgency operations in Africa, Latin America and elsewhere.

Number of Issues

Ever since the first meeting between the Soviet leader, Leonid I. Brezhnev, and President Richard M. Nixon in 1972, the Soviet side has pressed for agreements in principle on a number of issues.

In 1972, the two governments agreed in principle on relations between them, and in 1973 to a set of principles to avoid nuclear war. The introduction by Mr. Gromyko of the latest proposal, officials

said, was consistent with the past Soviet approach. While the official did not dismiss the Soviet proposal out of hand, he did not welcome it either.

The Reagan administration, in the past, has been critical of the Soviet Union for failing to live up to the 1972 "basic principles," which called upon the two powers not to seek unilateral advantage over the other. Other officials said any new set of principles would have to be accompanied by concrete Soviet actions taking account of U.S. concerns.

The official said that the Soviet proposal, along with the U.S. concern about specific problems, would be discussed further when Mr. Haig and Mr. Gromyko meet again, probably in Geneva, early next year.

175 Targeted

The main achievement of the talks was the announcement that the two sides would resume negotiations on limiting medium-range nuclear forces in Europe on Nov. 30 in Geneva. But the official said "these talks will be very difficult and perhaps prolonged."

He said that the Soviet Union wants to limit negotiations to weapons systems with "defined European target capabilities." This means, he said, that the Russians want to include in the discussions only those SS-20 mobile missiles that are currently targeted on Western Europe.

The United States asserts that there are about 250 SS-20s now deployed in the Soviet Union, with about 175 currently targeted on Western Europe. Each SS-20 can be moved to another location and each launcher carries three warheads.

Because of the mobility of the SS-20s, Mr. Haig told Mr. Gromyko, the United States wants all the SS-20s included in the negotiations. Also, the United States wants the Soviet Union to dismantle any missile that is subject to limits in a future negotiation, not just moved beyond the range of Europe, the official said.

The Western allies have no missile system comparable to the SS-20, the official said, and will not begin to catch up with the Russians until 1983-84 when the first of a new series of ground-launched Cruise missiles and Pershing-2 missiles are installed. That will give the alliance a total of 572 nuclear warheads, less than the 750 already installed on the SS-20s.

He said that Mr. Gromyko also wants to include in the negotiations the U.S. fighter-bombers based in Europe and on aircraft carriers. But he said that Mr. Haig maintained that the West was insisting on limiting the first round of negotiations to land-based missile systems.

Previously, it was assumed by the United States that the Soviet Union agreed that the negotiations on medium-range forces, known as theater nuclear forces, would be "within the overall framework" of the Strategic Arms Limitation Talks. This was because the Soviet Union had contended it did not matter whether a missile was fired at the Soviet Union from Western Europe or the United States; it would be just as devastating.

"The Soviets have suddenly seemed to want to disassociate it from the process," the official said of a development in the Haig-Gromyko discussions.

Although there were no apparent breakthroughs or meetings of minds, the official said that it is now

"clear in hindsight that the Soviets are fully aware in greater detail of precisely what our concerns are and the seriousness with which we hold these concerns."

Haig's Complaints

Mr. Haig complained about Soviet support for Cuba, and there were disagreements over Afghanistan, Cambodia, China, Iran, the Gulf, Libya, the Middle East and Poland, the official said.

"The Soviet side seemed to be pressing for agreement on broad principles to govern our relations, with emphasis on equality in a broad sense, and especially in security terms," the senior official said. "We focused on specific areas of contention."

Beyond discussions of principles, the Russians also raised questions about when the United States would resume the Strategic Arms Limitation Talks, about problems of trade discrimination against them and about "American rhetoric," the official said.

Mr. Haig told Mr. Gromyko that the second strategic arms limitation treaty, signed in 1979 but never approved by the Senate, "was behind us and that a new basis for strategic arms control talks would have to be launched."

The Soviet side was told that the treaty "had fallen on the rocky shoals of Soviet intervention in Afghanistan as well as on substantive deficiencies" in the document, he said.

As to the Soviet complaint about excessive rhetoric, Mr. Haig "underscored reciprocity," the official said, "suggesting that one side could not expect to be restrained if the other indulged in outrageous propagandistic patterns."

Reagan Vows to Veto Budget-Busting Bills

By Robert C. Siner
International Herald Tribune
WASHINGTON — Warning that the economic mistakes of four decades cannot be reversed in eight months, President Reagan on Thursday strongly defended his economic program and threatened to veto any legislation that would exceed his spending targets.

"We will not be swayed from our plan by every changing current, every passing trend or every short-term fluctuation," the president said at a nationally televised news conference. "I will sign no legislation that would bust the budget and violate our commitment to hold down federal spending."

Mr. Reagan said that the prosperity of the nation had been hurt because the federal government was taking too great a percentage of the gross national product, doing things that government had no business trying to do.

He referred to the new \$1-trillion national debt ceiling, which he signed into law earlier Thursday, as "the most important policy of the past that brought it about policies that as of today are reversed."

Sees Optimism

In answer to questions, Mr. Reagan said that the change already had produced some of the economic optimism that his program is supposed to foster. He cited an announcement by the Iron and Steel Institute that the steel industry would undertake the largest program of expansion and modernization in its history, "based on their optimism with regard to our program."

The president also referred to polls showing support for the program and the overwhelmingly positive response to his speech of last week calling for a new round of budget cuts. He added that he expected better economic news as his program began to take hold.

Asked about the so-far negative response of the stock and money markets, Mr. Reagan produced a letter from the Securities Industry Association saying that allegations that the industry had no confidence

Kenney Tax Cut

He cited the Kennedy administration's tax cut, which reduced taxes but brought added revenue to the government through increased economic activity, as an example of how his program would work.

Asked about the "social safety net" and whether his budget cuts would not hurt the poor, Mr. Reagan conceded that there would be some confusion and some mistakes but he insisted that the truly needy would be provided for.

He said that his administration had tried to find those areas where people had other income besides government assistance and in those areas to reduce the government benefits. But he emphasized that those who were totally dependent on the federal government would continue to receive their benefits.

On other subjects, Mr. Reagan said:

- He did not want to get into specifics about what types of bills he might veto. He said that in general he would not sign any bill that "busted the budget" but that he would make his decisions on a case-by-case basis.
- He was hesitant about saying he would accept larger defense cuts than those already proposed. He said that such cuts could threaten programs he deemed necessary for national security.
- He supported an extension of the Voting Rights Act "in principle," calling the vote "a sacred right that must be upheld."

U.K. Newspaper Union to Return to Work

By Steven Rattner
New York Times Service
LONDON — Protesting printers at The Sunday Times voted Thursday night to end a dispute that had threatened the future of the London newspaper and that of its sister publication, The Times.

After a two-and-a-half-hour meeting, the 101 members of the National Graphical Association, whose demands for more men and more pay triggered the crisis, accepted an agreement negotiated by union leaders that amounted to virtual capitulation.

The men promised not to interrupt production and will not be paid for last Saturday, when the paper was shut down. Their demands will be discussed in joint talks with a union of pressroom assistants.

Len Murray, general secretary of the Trades Union Congress, described the settlement as "honorable and practical," but it clearly constituted a victory for Rupert Murdoch, owner of Times News-

papers Ltd., who is fighting to trim the company's losses of nearly £5 million (\$9 million) in July and August.

For his part, Mr. Murdoch said he was delighted that "common sense has prevailed," but he warned that if any production disturbance occurred, "the people concerned would be dismissed without further warning."

Threat to Close

On Wednesday night, the men rejected the same offer, which had been negotiated with national leaders late Tuesday. But on Thursday morning, the 50-year-old Australian publisher, refining earlier intimations, warned that he would close the papers by Monday if an agreement was not reached.

"Murdoch finally convinced them he would shut the paper down," said Tom Baistow, a London-based lecturer and writer on the press. "Other unions began to see their jobs disappearing." In buying the paper, Mr. Murdoch insisted on reductions in the work



Rupert Murdoch

Iran Electing New President In Spite of Crash, Violence

From Agency Dispatches
BEIRUT — Ayatollah Ruhollah Khomeini's government pushed ahead Thursday with plans to hold the nation's third presidential election on Friday, despite a campaign of street violence apparently aimed at discouraging a heavy voter turnout.

The elections, to take place a day after state funerals were held for four top military commanders who were killed in a plane crash, were expected to result in an overwhelming victory for Hajj-Allah Ali Khomeini, the secretary-general of the ruling Islamic Republican Party.

Four lesser-known candidates, all Khomeini loyalists, were also on the ballot in the elections to choose a successor to President Mohammed Ali Rajai, who was killed along with Premier Mohammed Javad Bahonar in a bombing on Aug. 30.

However, one of those on the

World News Briefs

Brezhnev Welcomes New Arms Talks With U.S.
United Press International
MOSCOW — President Leonid I. Brezhnev on Thursday welcomed talks on nuclear arms limitation in Europe with the United States and vowed to negotiate in good faith.

"The Soviet Union is ready to conduct these talks earnestly, fairly and constructively, strictly adhering to the principle of equality and equal security of the sides," Mr. Brezhnev said in his first comment since the arms talks, scheduled to start Nov. 30, were announced last week.

Mr. Brezhnev's brief remarks were made during a Kremlin meeting with Didier Ratsiraka, visiting president of the Malagasy Republic. Mr. Brezhnev and Mr. Ratsiraka exchanged views on several wide-ranging subjects, the news agency Tass said, but paid particular attention to the "situation in the Indian Ocean." They cited a U.S. military buildup there, Tass said.

Egypt Asks U.S. to Provide Weapons for Sudan
Reuters
CAIRO — Egypt is appealing to the United States to provide Sudan with arms because of the risk of Soviet-Libyan intervention there, Defense Minister Abdel Halim Abu Ghazala said Thursday.

He held the appeal in a message sent to President Reagan from President Anwar Sadat. Gen. Abu Ghazala said the situation on Sudan's western border with Chad was very serious. Earlier this week, Sudanese officials said Libyan planes operating out of Chad had been making almost daily raids there.

"We think the Soviets and Libyans are going to do something through the borders with Chad in order to divert attention from something that may happen in Poland," Gen. Abu Ghazala added. Libyan troops intervened in Chad last December to help government forces quell a revolt by rebels who now have bases near the Sudanese frontier. Like Egypt, Sudan has bitter relations with the Libyan leader, Col. Moamer Qaddafi.

China Reportedly May Seek \$6 Billion IMF Loan
Reuters
WASHINGTON — China has raised the possibility of borrowing more than \$6 billion from the International Monetary Fund, sources said Thursday.

Discussions about the loan, which is formally requested would be the largest ever considered by the IMF, were in the very early stages, the sources said, and it was uncertain whether the Chinese would press the issue.

A spokesman for the IMF said in a prepared statement: "No such discussions have taken place, nor are any planned. The managing director of the IMF will have no discussions on such a matter when he visits China in late October."

U.K. Labor Party Votes for EEC Withdrawal
The Associated Press
BRIGHTON, England — The Labor Party committed itself Thursday to pulling Britain out of the European Economic Community if it regains power.

"Nine years of membership in the EEC have not brought us the glittering prizes so glowingly promised, an boom to British industry, no increase in employment and no greater say in world affairs," a party member, Eric Heffer, said to the 1,200 cheering convention delegates.

The vote on the issue — 6.2 million for withdrawal to 782,000 for remaining in the EEC — was well over the two-thirds majority required for conference resolutions to become part of the campaign platform. It effectively commits a future Labor administration to withdrawal from the EEC. British elections are to be held by the spring of 1984.

\$3 Billion of Poland's Debt Rescheduled

United Press International
VIENNA — Delegates representing 460 Western banks doing business with Poland agreed Thursday to a 7-year rescheduling of \$3 billion of the country's \$27-billion debt to the West.

A statement issued following three days of confidential discussions with Polish officials said the rescheduling included a 5 percent interest rate on the 1982-86 period, 95 percent of the total due for collection between March 26 and Dec. 31, 1981, over the period ending Dec. 10, 1983.

The repayment of the remaining 5 percent will be spread over 1982. Interest on the debt will be paid at a rate of 1.75 percent by the official London Interbank Offer Rate — that is, the interest rate on loans agreed on by London banks.

The reschedule includes a four-year period of grace through the end of 1985, during which only payments of interest will be due.

A Major Step

The three days of discussions were held by a 60-member multinational task force, two representatives from the Polish National Handlowy Bank, and one from the Polish Ministry of Finance.

"The aim of refinancing is to restore an environment of confidence between Poland and its international creditors," the statement said. "The agreement reached in Vienna is perceived by both sides to be a major step in this direction."

Settlement Expected

The statement said that details of the legal refinancing agreement had not yet been finally determined, but that settlement was expected in the near future.

Ortwiln Klaga, a task force delegate from Austria's largest commercial bank, Credit-Anstalt, said the agreement represented the first rescheduling of commercial credit to Poland, but added that it was made clear that no more loans would be extended to Poland from commercial creditors at the moment.

A date remains to be set for talks on the rescheduling of Poland's 1982-83 debts.

Rightist Former Officer Slain by Rome Gunmen
The Associated Press
ROME — Four gunmen shot and killed a former second lieutenant of the Italian Army on a Rome street, police said Thursday.

Police said Marco Pizzardi, 23, who had been left in a coma, was a known rightist sympathizer and was the victim of a political murder. The assailants, identifying themselves as police detectives, stopped Mr. Pizzardi's car Wednesday in western Rome and shot him four times, according to witnesses.

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Israel's Desire for a Strategic Relationship With U.S. Is Taken More Seriously Than Ever

By David K. Shipler
New York Times Service

JERUSALEM — For years, Israel has tried to sell itself as a "strategic asset" to the United States. Boasting a crucial location, sophisticated military power and a singular stability in the Middle East as a pro-American activist, Israel has wanted very much to be treated by Washington as an ally.

Now that proposed relationship has been defined more precisely by the Israelis than ever before, and the United States is listening more seriously to the suggestion than under any previous administration.

During Prime Minister Menachem Begin's visit to the United States in September, Defense Minister Ariel Sharon is reported to have given U.S. officials a long list of ideas for "strategic collaboration," as the concept was termed later by Secretary of State Alexander M. Haig Jr. U.S. military officers made no commitment on any of them, but were said to have

shown considerable interest in a few suggestions, especially those related to the United States' prospective Rapid Deployment Force.

The central idea is to stockpile, or pre-position, heavy artillery, tanks, armored personnel carriers, ammunition, medical supplies and other equipment for quick pickup by U.S. troops being flown in to deal with an emergency in the Gulf.

Israel does not want U.S. troops based on its territory. Military men here believe that would be psychologically debilitating, creating in Israelis an unhealthy sense of dependence on outsiders for the country's defense.

But Mr. Sharon, who refused to be interviewed, is said to have offered to store large quantities of U.S.-owned weapons — including tank ammunition that would be manufactured by Israel and sold to the United States — to maintain

the equipment for a fee, and to defend it from attack.

This has brought criticism from some in the opposition Labor Party, who argue that the Israeli Army and Air Force should not be committed to any defense except Israel's. Others are concerned that in becoming a link in a U.S. Middle East force, Israel becomes a logical target in any thrust by the Soviet Union.

Nevertheless, officials in Mr. Begin's government see several strong advantages for Israel in such an arrangement. First, masses of U.S.-owned arms on Israeli soil would presumably be available to Israel in case of a local war with the Arabs, reducing the acute problems of resupply and airlift that arose in the war of 1973.

Second, the economic hardship of maintaining a huge military establishment would be partially relieved by Israel's selling equipment to the United States for stockpiling and by U.S. payments to Israel for maintaining the stockpiled weapons.

This could mean millions of dollars annually, officials say.

Third, Israel is concerned by the expanding influence of the Soviet Union in the Middle East and is anxious to support any American effort to contain it. "We would be able to change the American capability in this area in one year," said a well-placed Israeli officer.

Fourth, Israel believes that such ties would give the United States a real stake in Israel's survival, an interest more tangible than any moral commitment or ideological affinity in making sure that Israel remains strong enough to defeat an Arab attack.

The U.S. perspective on strategic cooperation is somewhat mixed. The major reservations derive from the problems that close military links with Israel cause for American ties with the Arab countries, all of which except Egypt are hostile to Israel. In its zeal to combat Soviet expansion, however, the Reagan administration appears more willing than past administrations to overlook the potential damage to U.S.-Arab relations.

In strict logistic terms, Israel has significant advantages for the United States as a place to stockpile equipment. A recent study by U.S. experts for the Pentagon found that simply because of geography, arms stationed in Israel could be flown relatively quickly either to the Gulf or to Western Europe, meaning that whatever was stockpiled in Israel could also be considered for potential NATO use.

Times to Europe

Using half the U.S. strategic airlift ability, the study calculated, it would take 11 days to transport 70,000 tons of equipment for one mechanized division from Israel to Dharran, Saudi Arabia, compared with 10 days from the Egyptian port of Ras Banas, eight days from Oman, 14 days from Somalia, 22 days from Kenya, 27 days from Diego Garcia, and 77 days from the United States.

The time to Munich, using the entire airlift ability, would also be 11 days from Israel, but these are the times for the other locations: 12 days from Ras Banas in Egypt, 20 days from Oman and Somalia, 23 days from Kenya, 29 days from Diego Garcia, and 24 days from the United States. The Pentagon has negotiated to set up stockpiling sites in Egypt, Oman, Somalia and Kenya, and has an Indian Ocean base at Diego Garcia.

Only Egypt and Israel could provide defense, the report said. Elsewhere, the United States would have to deploy its own jet fighters. Oman, for example, the best site for Gulf action, is within strike range of Soviet aircraft stationed in Afghanistan as well as the increasingly sophisticated air force of Southern Yemen, yet the host government cannot provide air defense, it said.

A U.S. specialist visiting here recently said that Israel, as a more highly developed technological society than the Arab countries, also

offered important services. Israeli maintenance of weapons, for example, was considerably more efficient and reliable, and less costly than U.S. maintenance. Medical facilities are more advanced than in the surrounding Arab nations, and since Israel has overbuilt hospitals to accommodate the war-wounded, some space and equipment might be used by U.S. troops on a contractual basis.

Other possibilities for military cooperation include an Israeli contribution to the U.S. 6th Fleet — for example, by meshing the Israeli early warning system with the 6th Fleet system, or by providing home ports in Haifa or Ashdod for U.S. vessels, where fuller maintenance and supply services could be given.

There is talk about joint maneuvers, about Israeli air bases being used for exercises by U.S. Air Force or Navy planes, about increased sharing of intelligence information, and about other areas of cooperation that have not been made public.

Mr. Sharon told a small group of Israeli reporters after his return from Washington that Israel intended to hold out for an arrangement that is "broad-based, across a wide front — or else we're not interested." The idea, he explained, is to become part of an extensive U.S. network of deterrence to the Soviet Union.

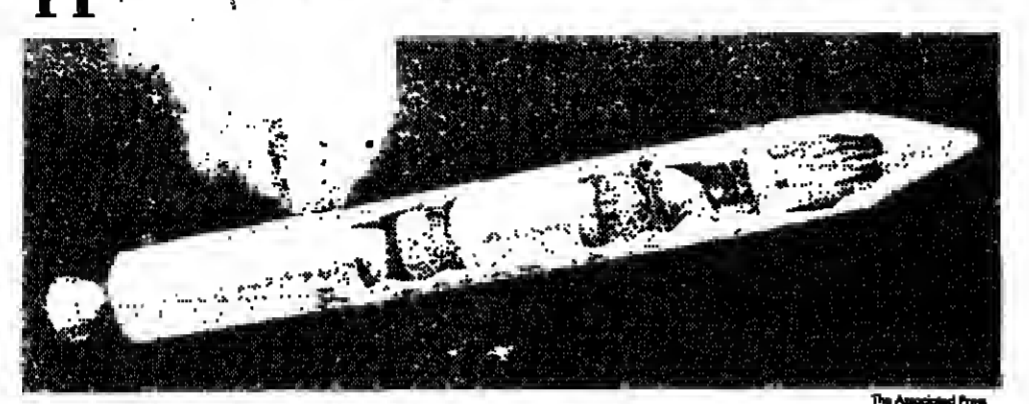
Detailed staff work and further high-level discussions are scheduled this fall, with a memorandum of understanding to be signed after Mr. Sharon visits Washington again in November. Some U.S. officials have said that a congressional defeat of the administration's proposed sale of Airborne Warning and Control Systems (AWACS) planes to Saudi Arabia would jeopardize "strategic collaboration" with Israel, although the longer run the impression here is that a relationship seen in the American interest will be pursued by Washington.

Both sides have apparently recognized that if ties develop strongly, a certain restraint may be placed on Israeli military behavior. This has been one of the selling points of the proposal within the Reagan administration. Israeli officials have talked about it among themselves, coming, one said, to the realization that in such a partnership, "we'll have to take into account American interests in this area in a more careful way."

What this would mean is unclear. Would Israel, could the United States before bombing an Iraqi reactor? Would Israel refrain from hitting Palestinian headquarters in Beirut if Washington objected in advance? From all that has been said so far, the implied answers are yes.

But no Israeli will feel comfortable trading away any maneuverability on matters of his own security. And here lies a potential source of conflict over the entire plan, both within Israel's domestic politics and between the Begin and Reagan governments. The more specific the policy implications are made, the more difficult agreement will become. The prospect depends on a certain vagueness.

Reported Approval of MX Criticized in U.S.



This is an artist's cut-away drawing of the MX missile in flight. The missile is to carry 10 warheads, weigh about 192,000 pounds, and be 92 inches in diameter and 71 feet in length.

By Richard Halloran
New York Times Service

WASHINGTON — Opposition to President Reagan's reported, but unconfirmed, decision to deploy MX intercontinental missiles in Nevada has mounted here even though the president is not scheduled to make public his decisions on a comprehensive new package of strategic weapons until Friday.

The White House's disclosure Tuesday that Mr. Reagan plans to announce his decisions Friday triggered new expressions of opposition and a fresh round of speculation Wednesday on what they would include, a leading candidate being the shuttling of 100 MX missiles among 1,000 shelters in the Nevada desert in what has been termed the "shell game" approach.

Backed by Garn

But Sen. Paul Laxalt, Republican of Nevada, a close friend of the president, issued a statement saying: "I've been assured by the White House that reports of 100 missiles to be located to 1,000 shelters in southern Nevada are not true."

Sen. Laxalt was supported by Sen. Jake Garn, Republican of

Utah, a state also rumored to be part of the deployment scheme. Sen. Laxalt and Sen. Garn opposed the "shell game" project last spring, insisting it was vulnerable to Soviet attack.

Other opposition came from Gov. Robert List of Nevada, who said during a television interview: "We don't think it makes good sense militarily. We feel very clearly it would just turn our landscape and lifestyle upside down."

Gov. Scott M. Matheson of Utah, a Democrat, said that he

opposed the "shell game" even if it was not in his state.

"If it's true," he said, "it's a poor selection, a poor choice."

More opposition came from Sen. Gary Hart, a Colorado Democrat who is an advocate of new strategic military thinking. A spokesman said Sen. Hart opposed any deployment of the MX without a treaty with the Soviet Union to limit the deployment of Soviet strategic arms.

Rep. Les Aspin, Democrat of Wisconsin, a longtime critic of the military, said: "This sounds

like the kind of system Moscow would choose for us to buy. Why on earth should we build such a folly? Even if we get it for free, it's a disastrous step backward."

Along with the reports on the deployment of the MX were reports that the president had decided to build a variant of the B-1 long-range bomber, a project that had been canceled by President Jimmy Carter in 1977. The B-1 program reportedly would proceed until the more advanced Stealth bomber, with its ability to evade radar, had been developed.

Reagan Economic, Social Policies Now Will Be Put to the Fiscal Test

By Robert Pear
New York Times Service

WASHINGTON — Now that most of the budget and tax reductions that President Reagan won from Congress have gone into effect with the start of the new fiscal year Thursday, his economic and social policies will finally be put to the test.

After more than eight months of intense public debate over the major social programs, Americans will start feeling the effects of the cuts. For there are strong indications that most states will not increase their spending to compensate for the loss of federal money.

Poor people and those just above the poverty line, especially those also employed, will be most affected. Some welfare recipients will get smaller checks — or no checks at all — in the mail this week. Some people will become ineligible for Medicaid, and several million will receive smaller allotments of food stamps. And when new regulations can be issued, rents will rise for 2.4 million families living in subsidized or public housing.

And not just the poor will be affected. Congress tightened the eligibility standards for middle-income and upper-income families who look to the government for help in financing the college education of their children through guaranteed loans.

School lunches

Congress also reduced cash subsidies for the school lunch program and established more restrictive standards for determining whether children receive free or reduced-price meals. Children from all but the poorest families may have to pay somewhat more for lunch.

Also, the first phase of Mr. Reagan's "supply side" tax cut starts with a 5-percent reduction in withholding taxes. This will put

money into the pockets of 100 million working Americans.

A new 12-month savings certificate went on sale Thursday at banks, savings and loan associations, credit unions and other financial institutions. It is designed to aid the nation's ailing thrift industry by allowing individuals to earn \$1,000 and married couples up to \$2,000 a year in tax-free interest. The certificates are expected to bring \$250 billion in deposits to financial institutions.

So far, Mr. Reagan has fended off criticism of his economic recovery program by noting that "it doesn't go into effect until Oct. 1." But now his economic, social and political philosophy will be put to the test. That philosophy backs two trends: the continuing growth of social welfare programs since the New Deal and the concentration of decision-making power at the federal level.

Studying the budget cuts, many state officials have reached the conclusion of Kalman R. Hentleman, Maryland's secretary of human resources, who said: "The provisions of the Reconciliation Act go much further in their impact than temporary reductions in federal aid to achieve short-term economic goals. Fundamental responsibilities are being shifted to the states, reversing 50 years of national bipartisan policy that recognized the basic duty of the national government to pay the costs of income maintenance and social services programs."

The Community Services Administration, the federal anti-poverty agency, went into business Wednesday night, symbolizing the end of an era of federal activism in social affairs. States may continue some of its activities with "block grant" funds.

A survey of state and local budget and welfare officials, interviewed by correspondents of The

New York Times, disclosed these concerns:

- There will be significant hardship for some citizens because the states either do not have the money or will not increase taxes to fund programs trimmed by the federal government.
- Strict new rules for Aid to Families with Dependent Children, the main federal-state program, may create an "administrative nightmare."
- Some of the expected savings in other programs will be offset by higher costs. Officials in Arizona, California and Utah predicted that reductions in funds for social services, home health care and community mental health centers would increase the number of people who must ultimately seek more expensive forms of treatment in hospitals, nursing homes and other institutions.
- The states will not get as much money or flexibility as they had hoped to get with the new "block grants," which consolidate 57 special-purpose programs under nine broad headings. "Block grant" is really a euphemism for cuts in federal spending, said John S. Murray, a Republican state senator in Iowa.
- Some state officials have long wanted to impose more stringent work requirements and to check more closely on the eligibility of those receiving assistance.

Leo T. Hegstrom, director of the Oregon Department of Human Resources, said that the federal budget cuts had forced the state to set priorities to decide which programs should be preserved and which curtailed.

Officials said the Omnibus Reconciliation Act, signed by the president Aug. 13, would save \$35.2 billion in a budget that exceeds \$700 billion in the coming year.

Reagan Wins 2 Foreign Policy Victories

By Bill Peterson
Washington Post Service

WASHINGTON — The Senate has handed President Reagan two important foreign policy victories, voting to repeal a 1976 provision prohibiting aid to any faction in Angola's civil war, and to permit aid to Argentina, banned for human rights reasons since 1978.

With Republicans saying the administration has no current plans to supply such aid, the Senate on Wednesday repealed the so-called Clark amendment, passed five years ago in an effort to prevent U.S. intervention in the southern African nation. It was named after former Sen. Dick Clark, Democrat of Iowa, who proposed it for fear the government would otherwise jump in on the side of Angola's anti-Marxist rebels.

The Clark amendment is one of a number of foreign policy restrictions that Congress placed on the president to the years just after the war in Vietnam and that the Reagan administration now wants removed.

"If we're a world power, and I think we are, we need the muscle in the president's office to act like a world power," said Sen. Barry M. Goldwater, Republican of Arizona.

The key vote occurred on an amendment by Sen. Paul E. Tsongas, Democrat of Massachusetts, that would have kept the Clark amendment in force until March 31, 1983, or until a cease-fire is reached in the civil war in neighboring South-West Africa (Namibia), which would substantially reduce tensions in the region generally.

The Tsongas amendment was defeated, 66-29. The Senate then adopted by voice vote an amendment by Sen. Nancy L. Kassebaum, Republican of Kansas, that would permit aid, but still not without the prior approval of Congress.

Whether the Kassebaum language will ever become law, however, remained unclear. It was attributed to the foreign aid authorization bill, and there are serious doubts as to what kind of foreign bill the House will pass this year, or if it will pass any. The version of the bill approved by the use Foreign Affairs Committee taints the Clark prohibition.

Democratic leaders have indicated they will not bring the full bill to the House floor until 125 Republicans agree to support it, do not want to lead the fight he unpopular foreign aid provisions, and then have the Republican sandbag them.

The debate Wednesday centered what kind of signal repeal

would send, and how it would affect the ongoing peace negotiations to South-West Africa. Sen. Tsongas and other opponents argued it would endanger the negotiations and signal that the United States no longer supports a policy of restraint in black Africa.

Sen. Claiborne Pell of Rhode Island, the ranking Democrat on the Foreign Relations Committee, said the repeal would "give a rationalization for continued Cuban presence in Angola," where 20,000 Cuban troops are stationed.

Supporters of the repeal replied that failure to lift the aid ban would tie Mr. Reagan's hands in dealing with Africa and be an open invitation for continued Cuban and Soviet intervention to the continent.

Sen. Kassebaum, chairman of the Subcommittee on African Affairs, said the Clark amendment was an "extraordinary measure

enacted during an "extraordinary time," the post-Watergate, post-Vietnam era.

The Argentina amendment, also adopted by voice vote, dropped the provision to the committee bill that would have linked military sales and aid to a full accounting by the Argentine government of thousands of "disappeared" persons. Aid would still be conditioned on human rights certifications by the president, however.

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300 Steelworkers Strike in Belgium

Reverses

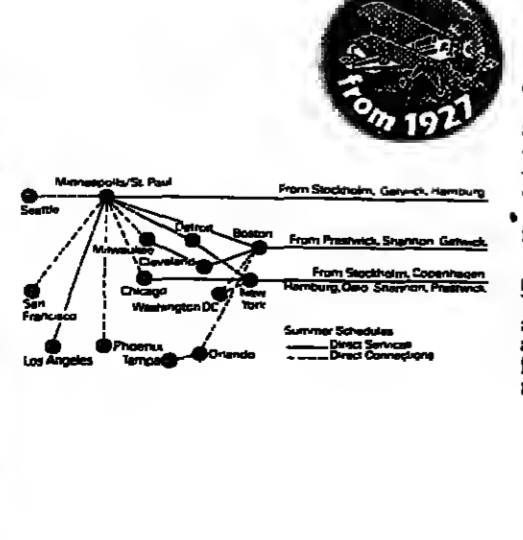
JESSELS — About 30,000 workers in Belgian cities of Liege and Nivelles began a 24-hour strike day against what they considered inadequate government support of the steelworkers.

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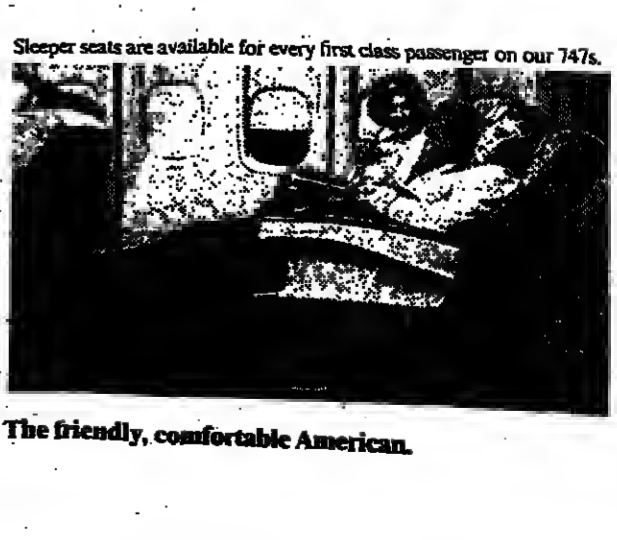
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In Greece, Left Coiled for Victory, But Right Says It Still Could Win

New York Times Service
ATHENS — Opinion polls suggest that Greece will turn to the left in elections this month and install the Socialist leader Andreas Papandreu in power. But Premier George Rallis insists that his conservative camp is an "awakening giant" that will prevail.

Mr. Papandreu has sought during the campaign for the Oct. 18 election to counter attempts to portray him as a revolutionary Marxist. Tempering his more radical earlier views, he is competing with the premier for the backing of Greece's centrist voters in this country of about 10 million people.

"We are the party of change, of national and social rejuvenation, not of upheaval as our opponents want to portray us," the 62-year-old Socialist leader said at one of his huge rallies.

For Mr. Papandreu, son of a former communist premier, the late George Papandreu, this will be the third attempt to gain power since the rule of the Greek colonels was ended in 1974. In elections in 1977, his Panhellenic Socialist Party doubled its share of the vote, reaching 26 percent, and tripled its

representation in Parliament, raising it to 94 of the 300 seats.

Mr. Papandreu, a former professor of economics at the University of California, predicts victory this time with more than 50 percent of the vote and promises reforms which the country has not experienced since Greek independence in 1821.

He continues to say that it is "preposterous" for Greece to belong to the North Atlantic Treaty Organization because doing so "means deploying our forces in a way that makes us naked toward the east, toward Turkey."

But sources close to him maintain that Mr. Papandreu has decided, if elected, not to move quickly to pull Greece out of NATO or close down the four American bases in the country.

They say that he is wary of possible displeasure in the military and of upsetting the international balance of power, and that he realizes there is no easy alternative source of arms supplies. The United States supplies Greece with 90 percent of its military equipment.

His associates describe Mr. Papandreu as preparing the ground for a tougher negotiating stance

with the West. They also say that he has abandoned earlier plans to seek the outright withdrawal of Greece from the European Economic Community and has decided to move instead for a renegotiated special relationship or a referendum on membership.

Plans for Industry
 His party's principal appeal derives from its domestic policy. He has called for strict separation of church and state, the institution of civil marriage, changes in education and improved health care.

Avoiding the term nationalization, he has called for "socialization," or increased worker participation, in 12 key fields, among them banking and insurance, shipbuilding, energy production, mining and defense-related industries.

Mr. Rallis, a mild-mannered 63-year-old lawyer who has been in office since May 15, 1980, has not been able to match the crowd-pleasing campaigning of his rival and privately concedes that he detests rallies. He is seeking to present his party, which polled 42 percent of the vote in election in 1977, as the guarantor of stability and steady progress in the face of growing demands for quicker change.

"Voters have the tendency to regard our existing achievements as natural," he said in an interview. "But when the danger appears that these achievements will be abolished, won't they defend them with their votes? We are the only ones who can guarantee an untroubled course toward progress and stability."



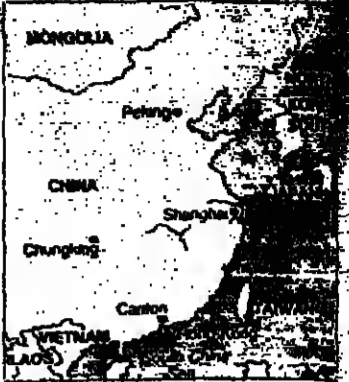
KORCHNOI'S MOVE — Anatoly Karpov, right, the world chess champion, and Viktor Korchnoi, during a draw for the first move in the world championship Thursday in Merano, Italy. Mr. Korchnoi, a Soviet defector, moved white first, QBP-B4. Mr. Karpov, of the Soviet Union, defeated Mr. Korchnoi in their 1978 meeting, characterized by recriminations.

China Prods Taiwan To Accept Unification

From Agency Dispatches
PEKING — China celebrated its National Day on Thursday by demanding more hard work from its citizens and calling for a positive response from Taiwan to its new reunification proposal.

People flocked to parks in the capital as the nation took a public holiday that in some cases will last until Monday.

The Chinese Communist Party newspaper People's Daily said in an editorial marking the 32d anniversary of the Communist victory over the Nationalists in 1949 that the party would not keep changing its policies as it had mistakenly done in the past.



"No More Changes"
 "There will be no more changes," it said. "It is time to get down to work and work harder and still harder. The guiding lines have been set, and there will be no more changes."

The editorial indicated that China seriously wants a stable political program, free from the sharp swings of the past that disrupted progress and disenchanted the people.

It said the party and government's apparent inability to pick a course and stick to it during the recent past had aroused deep cynicism in the people, who tend to ignore state affairs and avoid showing too much enthusiasm for fear of reprisals after another swing of the political pendulum.

"We shall not from now on commit that kind of mistake any more," the People's Daily said. "Quite a few things have to be really well done in a definite period. This is more important today than ever. When this is done, people will trust us, morale will rise and the party's style of work will truly be changed."

Referring to a new initiative launched Wednesday to entice the Nationalists to discuss reunification.

tion with the mainland, the newspaper said China hoped Taiwan President Chiang Ching-kuo would respond positively.

In Peking's Tiananmen Square, the usual huge portraits of Marx, Engels, Lenin, Stalin and Sun Yat-sen, who founded the republic that toppled the last emperor in 1911, were put up for the occasion under the more permanent gaze of Mao.

China's new Taiwan initiative offers the Nationalists an unspecified role in the leadership of China and proposes talks between the Communist and Nationalist parties.

Rescue Team Set If a Need Arises, U.S. Colonel Says

Washington Post International
WASHINGTON — The United States has a rescue team ready to respond quickly to hostage situations similar to the seizure of diplomats in Tehran, according to the commander of ground forces in the aborted Iran rescue mission.

Col. Charles Beckwith said the United States had not been prepared to move fast to rescue the Americans captured in the Nov. 4, 1979, embassy seizure "for two reasons — a lack of intelligence and we didn't have a team put together."

"And now I'm happy to say... will not discuss any of the details of this — I'm happy to say we've got a team together now," Mr. Beckwith said in a television interview Tuesday.

"Now we've got a team of aviators," he said. "Of course, the Delta force has always been cocked and loaded, among others, and we have a team ready to go. So now, sort of, the ball's in the intelligence court."

Col. Beckwith, who has said he will retire this fall, led the "Delta force" unit of the Army's Special Light team stationed at Fort Bragg, N.C. He talked about the rescue team when asked if he still had misconceptions about the unsuccessful raid, which took place on April 24, 1980.

Researchers Take Good Looks At Blood Pressure and Jurors

The Associated Press
NEW YORK — Researchers, in unrelated studies reported in the October issue of Psychology Today magazine, indicate that having plain looks can affect the blood pressure of teen-age girls, and that handsomeness affects the way jurors regard victims and suspects.

A study at Johns Hopkins University, led by Stephen Hansell, concluded that having plain looks can raise a teen-age girl's blood pressure. The study of 283 women and 369 men between the ages of 14 and 76 found no relationship between physical attractiveness and blood pressure among boys or grown women or men.

But "female high school and college students who were rated in the top 50 percent for attractiveness had significantly lower blood pressure than girls rated in the bottom 50 percent," the experimenters reported. "In one study, the pressure averages were 119-75 for the pretty women and 125-80 for the ugly ones. The strain of being judged by one's looks, the researchers infer, is particularly savage for teen-aged girls," the magazine reported.

In the other study, mock jurors — 60 male and 60 female undergraduates at the University of Dayton — gave more sympathy to handsome "rapists" and attractive "victims" than to others.

Each student read the same account of a rape case, but each was shown one of four different sets of photographs — an attractive defendant with an attractive victim, an attractive defendant with an unattractive victim, an unattractive defendant with an attractive victim, and one in which both defendant and victim were unattractive.

"Women were less likely to believe any defendant's testimony than men were," psychologist Marsha Jacobson reported. "But both men and women showed greater confidence in it when it came from an attractive man. The students reported more sympathy for the handsome suspect than for the homely suspect, less sympathy for the unattractive victim than for the more attractive one."

"Asked to mete out justice, 82 percent of the students who encountered an unattractive suspect found him guilty, compared with 57 percent who found an attractive suspect guilty," the magazine said. "Both defendants were more likely to be found guilty when paired with the prettier victim."

Ex-Revolutionary Visits White House Aide

By Lee Liscaze
Washington Post Service
WASHINGTON — Régis Debray, the former Marxist revolutionary and apostle of Che Guevara, has paid a call on the Reagan White House — demonstrating that diplomacy, too, makes strange bedfellows.

In an unannounced visit that French officials will not discuss, Mr. Debray, who is a foreign policy adviser to President François Mitterrand of France, stopped by Saturday at the White House office of Richard V. Allen, President

Reagan's national security adviser.

"Debray, hum, did I see Régis Debray?" Mr. Allen said, joking, when asked about the visit.

"I don't think we can say anything about Régis Debray," a French Embassy spokesman said of the 40-year-old philosopher and author, whose "Revolution in the Revolution," set forth a doctrine for revolution in Latin America that rejected both the Soviet and Chinese models.

"Is his visit to Washington a secret?" the spokesman was asked.

The spokesman replied, after a

long pause: "Not exactly a secret, but it was a private, very private and short visit."

"The past of Régis Debray is very symbolic," the spokesman said. "One could think that Debray is a terrorist if one is on the other side."

In 1967, Mr. Debray, then an advocate of violent revolution, entered the Bolivian jungle to find Guevara, who had dropped from sight two years earlier. Bolivian authorities killed Guevara and arrested Mr. Debray, sentencing him to 30 years in prison. Mr. Debray had served only three years of his prison term when he was released after appeals from French and other intellectuals.

Since then, he has abandoned his militant Marxist positions in favor of membership in the French Socialist Party and has repudiated some of his earlier writings. But it is known that the presence of Mr. Debray as an adviser to Mr. Mitterrand, concentrating on Latin American affairs, has annoyed some U.S. officials.

"Some people would find it strange that a Dick Allen and a Régis Debray are meeting," Mr. Allen remarked. "I've followed Régis Debray for 15 years. Nothing he could say would surprise me. We know quite a bit about each other."

Mr. Allen said that Mr. Debray had requested the meeting and that it was very cursory. In an exchange for which the diplomatic phrase "agree to disagree" would be an understatement, Mr. Allen told Mr. Debray what Mr. Reagan's positions are, and Mr. Debray stated some of his positions.

Questions Raised on Performance Of a U.S. Doctor With Air Force

United Press International
ATLANTA — The chief heart surgeon at an Air Force hospital had a patient mortality rate of 43 percent, about eight times higher than average, but nothing was done until anesthesiologists refused to assist him, it was reported Thursday.

The Atlanta Constitution reported that although Air Force officials were warned repeatedly in the late 1970s that too many heart surgery patients were dying at the Wilford Hall Medical Center at Lackland Air Force Base in San Antonio, Texas, nothing was done until other doctors, upset by the deaths of seven children within a short time, rebelled.

The Constitution said the response was to curtail heart surgery at the hospital and transfer the surgeon, Dr. William Stanford, to temporary civilian duty at St.

Luke's Hospital in Milwaukee, where one of his operations resulted in a malpractice suit now pending against the government.

Attorneys for Dr. Stanford, who retired from the military last year to enter private practice, said in answer to questions raised in the malpractice suit that the mortality rate of his patients in San Antonio was caused by the fact that "Dr. Stanford was only operating on poor-risk patients."

Private studies were made by other doctors at the hospital, the Constitution said. One of the doctors, Robert D. Slama, said Dr. Stanford had a 43 percent mortality rate for all the cases he had done when he was the primary surgeon. The percentage for everyone else was very close to 5 percent, and for all less than 10 percent.

Dr. Slama said. The story did not say where Dr. Stanford now lives.

2 Americans Say Saudis Held Them

United Press International
WASHINGTON — Two Americans who worked briefly for the Saudi royal family have filed a multimillion-dollar damage suit claiming they were imprisoned when they asked to leave.

A lawyer representing Michael Core and Gloria Banks said Wednesday the two were hired last year but were kept from contact with their families and imprisoned in the royal palace, outside Jidda.

A suit filed Sept. 11 in U.S. District Court here asks more than \$3 million in damages from the royal family. Mr. Core was hired as a private secretary for the royal family to handle business correspondence and other tasks. Mrs. Banks was hired as a governess.

Whatever the news



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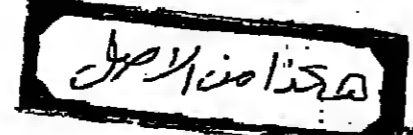
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India Sends Thanks to Pakistan For Raid That Halted Hijacking

By Michael T. Kaufman
New York Times Service

NEW DELHI — Indian officials extended their thanks to the government of Pakistan for a raid in which Pakistani commandos dressed as cleaning men stormed a hijacked Indian plane at Lahore, rescued 44 hostages and arrested the five Sikh separatists who had commandeered the flight.

President Neelam Sanjiva Reddy of India commended Pakistan for dealing with the situation "firmly and effectively" when he spoke by telephone Wednesday with President Mohammed Zia ul-Haq of Pakistan.

An Indian Foreign Ministry spokesman said a statement of thanks also was expected from Prime Minister Indira Gandhi, who is attending a meeting of Commonwealth nations in Melbourne. In recent months, relations between India and Pakistan have declined sharply.

The Pakistanis, who have tried with limited success to assure India that their plans to purchase U.S. weapons pose no menace to their neighbors, moved quickly to capitalize on the incident in terms of public relations.

After the plane was recovered from the hijackers, Gen. Zia ordered that the 44 Indian hostages be given a tour of Lahore and be treated to lunch at the Hilton Hotel. The hostages were then placed aboard the plane and flown back to New Delhi, where they arrived Wednesday evening looking relaxed after their 32-hour detour.

The five hijackers, described as members of the Dal Khalsa, a radical Sikh group, are being held by Pakistani authorities who are studying an Indian request for their extradition. The Sikhs are a monotheistic sect with a warlike tradition.

After news of the retaking of the plane was broadcast, a number of Sikh groups condemned the hijacking undertaken by the radicals to dramatize their demands for a separate Sikh homeland and to gain the release of imprisoned colleagues.

The father of one of the hijackers called publicly for strong action against his son, The Associated Press reported.

In Chandigarh, capital of Punjab state, where 95 percent of India's 13 million Sikhs live, Darshan Singh issued a statement denouncing his son, Manmohan Singh Sachdeva, and the Sikh nationalist movement. Mr. Singh, a local leader of Mrs. Gandhi's ruling Congress Party, said he did not approve of his son's ideology and activities.

In an editorial, the Chandigarh Tribune said: "Relief over the capture of the five misguided young men... will be mixed with appreciation of the cooperation given by the authorities in Pakistan in terminating a thoughtless and reprehensible act of piracy."

Some Indian politicians are calling for legislation to force Sikh passengers to check their kirpans, or daggers, with their baggage before boarding flights. Such knives must be kept in the possession of a health officer plus issue, a logging truck, a sophisticated, 3 restaurant, 3 bars and 24-hour room service. We have a ping bar, and a taverna with traditional Greek bouzouki and other players.

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Five Sikh separatists after their capture by Pakistani commandos in a raid that ended a hijacking and freed 44 hostages.

Russia Assailed by Commonwealth Members

By Henry Kamm
New York Times Service

MELBOURNE — In a day devoted to debate behind closed doors of the general international situation, the Soviet Union was made the principal target Thursday of strong denunciations by four prime ministers at the Commonwealth meeting.

Moscow thus joined South Africa as a major villain in the eyes of the 41 prime ministers, presidents or foreign ministers leading their delegations to the biennial meeting of Commonwealth heads of government.

Much of the fire was centered on the Soviet threat to Poland. After condemning Moscow for its intervention in Afghanistan and holding it responsible for Viet-

nam's activities in Cambodia, Prime Minister Margaret Thatcher of Britain urged the Soviet Union to allow Poles to settle their affairs in freedom.

Implicitly responding to criticism by leaders of developing countries, particularly Prime Minister Indira Gandhi of India, of the resumption of the arms race by the major powers, the British leader placed the responsibility fully on the Soviet Union.

Matching Moscow

Mrs. Thatcher said Moscow's growing military strength and its readiness to make war directly, as in Afghanistan, or by proxy, as in Cambodia, forced Western powers to respond by raising their power to deter such aggression.

Prime Ministers Malcolm Fraser

of Australia and Robert D. Muldoon of New Zealand expressed similar views. Mr. Muldoon, referring to a recent meeting with President Reagan, voiced certainty that the United States was "prepared to consult with and assist developing countries which want to preserve their sovereignty and that of their neighbors against Soviet-supported adventurism."

At the same time, he said, China was making no moves that would destabilize its region. "Its current preoccupations are domestic and economic," the New Zealander said.

Prime Minister Lee Kuan Yew of Singapore coupled vigorous denunciations of the Soviet Union with a condescending dismissal of former President Jimmy Carter, whom by implication he held responsible for Soviet gains during his presidency.

In a view often heard from Southeast Asian leaders in private but rarely in public, Mr. Lee described American reaction to Soviet moves in Cambodia and Afghanistan as "this benign spirit of tolerance."

Carter Blamed

"All this was manageable as long as America was under Jimmy Carter," the prime minister said. "He was a well-meaning, peace-loving man. In Vienna in June, 1979, he had kissed me, he had kissed President [Leonid I.] Brezhnev on both cheeks after the signature of SALT-2. And in retaliation for the invasion of Afghanistan that December, Jimmy Carter boycotted the Moscow Olympics and prohibited grain sales. President Brezhnev was unimpressed."

"The American people were also unimpressed," Mr. Lee said. "In November, 1980, they voted Ronald Reagan for president."

Mr. Lee praised Mr. Reagan's tough attitude toward Vietnam, his willingness to consider arms sales to China and decision to supply arms to Pakistan. He suggested that the stern Reagan policies had caused Moscow to show "circumspection and caution, for the time being," in reacting to the Polish challenge.

Clearly nettled by the strong attitude toward the Soviet Union and the absence of criticism of China, a leader of a Southeast Asian country that perceives Peking as a threat of equal magnitude called reporters to his hotel suite for an unsolicited condemnation of China's attitude toward Southeast Asia.

'Forgetting' China

Foreign Minister Muhammad Ghazali bin Shafie, head of the Malaysian delegation, offered a preview of what he was likely to say when his turn to speak comes Friday.

Malaysia, under the leadership of a new prime minister, Mohamad bin Mahathir, has broken Southeast Asia's relative silence on China's support of Communist insurgents. Mr. Ghazali said here that the West, "obsessed" with a Soviet global threat,

tries came to depend on the exportable surplus of North America," the report said.

It warned of future food problems because of rising energy costs in agriculture, diminished effectiveness from the use of chemical fertilizers and worldwide loss of land under cultivation.

The report said that most of the world's best farmland was already under cultivation and that losses stemmed from poor conservation and conversion of arable areas to nonagricultural uses.

"Satisfying the two-thirds increase in world food demand projected by the United Nations for the remainder of this century will thus require a sharp increase in the productivity of existing cropland," it said.

Further problems for the world food supply came from the leveling off in world fish and beef production in the 1970s, the report said.

After tripling from 1950 to 1970, the world fish catch remained steady in recent years, despite more investments in fishing capacity by industry and governments such as Japan and the Soviet Union, it said.

The report found that an increasing number of nations, both industrial and developing, import more food than they produce domestically.

"Among the countries that now import over half of their grain supply are Algeria, Belgium, Japan, Lebanon, Libya, Saudi Arabia, Senegal, Switzerland and Venezuela," it said.

The report said that a poor harvest in a key producing nation could trigger a major rise in food prices, such as occurred in 1975 after a crop failure in the Soviet Union.

S. Africa Military Crash

PRETORIA — A South African Air Force helicopter evacuating wounded soldiers from the Angolan border crashed in the South-West African town of Oshana, killing six servicemen and critically injuring one other, a military spokesman said Wednesday.

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Margaret Thatcher of Britain talks with Prime Minister George C. Price of Belize, which gained its independence recently and is the newest member of the Commonwealth.

Institute Remains Gloomy On World's Food Situation

WASHINGTON — The threat of world food shortages remains despite a bumper U.S. crop this year and dramatically increased crop yields in some Third World countries, according to a report released Thursday.

"Future food demands will not be met if global population growth continues as projected," said the report by Lester Brown, president of the Worldwatch Institute, a nonprofit research organization funded in part by the United Nations.

The Washington-based institute set up to study environment-related problems, said that world grain production in the 1970s edged up by about 2 percent a year, after expanding by more than 3 percent in the 1950s.

"During the 1970s, gains in output barely kept pace with population growth, food prices were volatile and over 100 food-deficit coun-

California Probe Of Gov. Brown's Aides Is Dropped

LOS ANGELES — John Van de Kamp, the Los Angeles County district attorney, has cleared members of Gov. Edmund G. Brown Jr.'s staff of any criminal wrongdoing after an investigation into handling of evidence sought in a probe of the governor's office.

Mr. Van de Kamp said Wednesday that "there is no evidence" anyone on the governor's staff in Sacramento or in his political campaign office here committed any criminal act. Gov. Brown never was personally implicated.

Mr. Van de Kamp's investigation was the last of three requested by the Fair Political Practices Commission at the conclusion of its probe of charges that state funds were being used for political purposes in the development of a computerized mailing system in Gov. Brown's office.

The two, one attorney and the other by the State Bar of California, also found no basis for action against Gov. Brown's staff.

The commission's investigation was opened after the Los Angeles Times reported last December that state funds were being used to develop a mailing list of Gov. Brown's political supporters and to install a computer system to make use of the lists.

Filipinos Are Reported To Kill 30 Guerrillas

MANILA — Philippine troops responding to a Communist ambush in which four policemen were killed engaged 200 guerrillas in a two-hour skirmish, killing 30 of them, authorities said Thursday. A Defense Ministry report said the rebels struck Tuesday in the rice-producing province of Albay 200 miles (320 kilometers) southeast of Manila. It said a truck carrying the four policemen was attacked by guerrillas of the New People's Army.

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Iran's Firing Squads

The Iranian government is now struggling to preserve itself and its power by a ruthless resort to its firing squads. But the counter-campaign of assassination of government officials continues at a staggering rate. This week a plane crash killed several of the military commanders and, perhaps more significantly, the head of the Revolutionary Guard, the clerical government's chief instrument of civil control. The reports from Tehran deny any evidence of sabotage, but you are not required to accept that as necessarily the last word. Like the earlier bombings, these deaths are very likely to be followed by another wave of executions of the government's enemies, real or suspected.

Iran's government is trying to carry out a purge of increasing magnitude, and its opposition is clearly fighting back with extraordinary ferocity. The course of these events is difficult to follow in any detail; all international news organizations but one, the Agence France-Presse, have been ejected from the country. But the scale of the violence is evident even from the fragmentary reports available. There has been open street fighting in many parts of the country, with a notably savage outburst in Tehran last weekend. Iovitably, the Kurds have seized the opportunity to reopen their perennial rebellion in the northwest.

The immediate danger is, as always, an even more pervasive civil war leading to the collapse of all central authority in Iran. The

struggle between the clerical right and the revolutionary left is already interwoven with the much older, and historically intractable, conflicts of religious sect and ethnic loyalty. Demographically, the country is a central core of ethnic Persians — about half the population — surrounded by a rich variety of peoples with other languages, other customs and, very often, other national allegiances. It was held together for a time by the Shah's military power. But the present role of the army is particularly difficult to assess. It responded more competently to the Iraqi invasion than seemed possible a year ago, and in the past few days has even won back some territory. But the army's political intentions, if any, and even its capability to exert power within the country, are only question marks.

When the Iraqi invasion began, a great wave of panic swept over the Gulf region. The governments there vary only in degrees of fragility. The combination of great wealth and weak defense forces is not conducive to serenity even in the most peaceful of times. The level of anxiety temporarily subsided as the invasion seemed to settle into a stalemate. But Tehran's daily announcements of mass executions now seem to indicate that over the past two weeks the violence within the country has entered an entirely new stage. It reminds Iran's uneasy neighbors that if the worst happens and civil war becomes general, it can become contagious.

THE WASHINGTON POST.

Pakistan Going Nuclear?

On the eve of the Senate vote on whether to exempt Pakistan from a restriction that prohibits aid to countries developing nuclear weapons, Sen. Alan Cranston has revealed some alarming news. He says, and the administration confirms, that there has been an increasing number of "anomalies," "irregularities" and unexplained breakdowns in the monitoring devices at Pakistan's Canadian-supplied reactor.

A few weeks ago, these led the director of the International Atomic Energy Agency, Sigmund Ekund, to take the — for him — extraordinary step of saying he could no longer vouch for the integrity of the IAEA's nuclear safeguards there. Mr. Ekund, you may remember, had such great faith in the IAEA's safeguards system that he brushed aside any suggestion that Iraq could misuse its reactor, only to be later flatly contradicted by an IAEA inspector and several independent nuclear experts. If Mr. Ekund is worried about what Pakistan is doing, that is a plain sign that there is plenty to be worried about.

U.S. administration officials confirmed some months ago that Pakistan has been making swift progress on a clandestine reprocessing plant and appeared also to be readying a nuclear test site. The missing link had been where Pakistan would get the spent fuel to reprocess for its plutonium. The new information supplies that link.

Though the details are secret, Pakistan is

reportedly adding nuclear fuel rods, made in its own unsafeguarded fabrication plant, to the safeguarded reactor and then, after the rods are irradiated in the reactor, removing them from the safeguarding system. There is enough "suspicious" activity to worry American intelligence agencies and the IAEA. Such fuel rods would constitute a plutonium stockpile, ready to be reprocessed whenever the reprocessing plant is ready.

In asking Congress to approve Pakistani aid, the administration never denied that Islamabad has nuclear intentions. But Undersecretary of State James Buckley testified he had "assurances" from its president that Pakistan did not intend to develop nuclear weapons, and he said he had made it clear in direct talks with Pakistani officials that the United States would not accept any distinction between a nuclear weapons test and a "peaceful nuclear explosion."

The administration strenuously opposes attaching any nuclear conditions to the aid package. It refused to state, at least publicly, that aid would be withdrawn in the event of a nuclear test. Its argument is that the rapid supply of F-16s and other advanced weapons would relax Pakistan's security fears and bring enough leverage to dissuade Pakistan from its nuclear course. The burden is squarely on the administration's shoulders to use that leverage now.

THE WASHINGTON POST.

The Clouded Missile 'Window'

President Reagan is said to have decided to build at least some MX missiles and B-1 bombers and to announce it only after his Thursday press conference. He would be wiser to heed John Kennedy's example and ditch the "missile gap" oratory that helped elect him. But if he means to deploy these weapons, he ought to field the serious questions they raise.

How would limited numbers of either the MX or the B-1 close the so-called "window of vulnerability" in this decade? The military advice to both the Carter and Reagan administrations has been that the nation needs 200 MXs shuttling around 4,600 shelters in Nevada and Utah. Moreover, that counsel reckoned with treaty limits on the number of accurate Soviet warheads. And it assumed the MX would survive a first strike only after half the system was completed, about 1988.

So what if the Russians refuse, in new SALT talks next year, to give up the big weapons that theoretically threaten existing Minuteman missiles in their silos? Without treaty limits on Soviet warheads, the safety of the MX would require not the already unacceptable 4,600 shelters in the Southwest, but 8,500 by 1990 and more than 12,000 by 1995.

As the authors of these estimates in the Congressional Office of Technology Assessment point out, the Russians can always acquire warheads faster than America can build landscape-scarring shelters. Even if the United States then scuttled the major accom-

plishment of arms control and managed to build an effective anti-missile system to defend the MX, it could not close the gap.

As for the B-1 bomber, what conceivable contribution can it make to the invulnerability of land missiles or the penetration of Soviet air defenses? It will be obsolete before it is deployed, according to former Defense Secretary Brown, and confined to threatening to lob Cruise missiles from a distance — a role the B-52 can play to the end of the century.

If a window of American vulnerability is about to open, one of the proposed weapons will close it. But is it even ajar yet? No rational Soviet leader can possibly believe that he could destroy most Minutemen in a single assault and avoid a devastating retaliation from sea-based and airborne forces — unless, that is, American panic persuades him that he could. All this anxiety about open windows can only frighten allies and make Russians reckless, without providing any new margin of safety.

The United States will not soon be vulnerable to a sneak attack if the Soviet Union expects to survive. A prudent president who also recognizes the threat of a strained economy would resist the rush, try negotiating SALT and take the time that still exists to find missiles that could survive the still more accurate and perhaps more numerous weapons of the future. At the least, he would avoid these obvious questions before he leaps.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago
October 2, 1906

PARIS — Latest reports from the contestants in the balloon race for the International Coupe des Aeronauts indicate that victory lies between Mr. Frank P. Lahm, representing America, and Mr. C.S. Rolls, representing Great Britain. Definite news has been received from Mr. Lahm to the effect that he landed near Scarborough, England. When passing over Rye, near Hastings, Mr. Rolls dropped a telegram from the balloon into the village, directed to his wife in Paris. When the balloons sailed somewhat lazily out of Paris on Sunday evening, they appeared to be intent on bearing down upon Brest. The majority decided to terminate their operations on French soil.

Fifty Years Ago
October 2, 1931

NEW YORK — Bathrooms larger than ordinary hotel rooms and 14 royal suites, or built-in palaces with vaulted roofs, and a kitchen 200 feet up in the air, these and other wonders were witnessed at the formal preview yesterday anticipating the public opening of the new 40-story Waldorf-Astoria, on the block bounded by 45th and 50th streets, Lexington and Park avenues. At a dinner given by Schultz and Wenzel, the architects, the Waldorf was called the "child of the greatest conglomeration of geniuses the world has ever seen." Some 12,000 persons will attend the opening ceremonies of what is pronounced to be the world's most luxurious hotel. President Hoover will participate in the dedication.



The Washington Numbers Game

By Meg Greenfield

WASHINGTON — It was the day before the president's speech on his revised economic program, and I was hunching with three professionally engaged students of the current fiscal drama, people who have probably spent more time studying the Reagan budget figures than anyone but David Stockman. And yet, to my fascination, they could not be sure even of the numbers they were talking about.

"Is that \$15 billion the same as the \$16 billion?" seemed to be the key question. One thought they should be added. "So we're talking about \$31 billion, then," I mused wisely, attempting to get into the game and also to demonstrate a certain dazzling technical proficiency. Maybe, but probably not, came the collective reply — no one knew. It didn't matter: Two days later we had a whole new set of numbers to argue over and misunderstand.

Numbers. It's the way we talk now, at least about things that are really dangerous or important. It's also the way we mislead ourselves and confound our purposes and our values, all the while managing to do so with an impressive air of scientific authority and detachment.

Approximations

Numbers, unlike words (the thinking goes), are truth. Words are mere approximations, opinions, ideas. The current dispute over the social and economic consequences of the president's program is far from being the only example. Consider the dispute over our military strength relative to that of the Russians.

I cheerfully acknowledge that the numbers of weapons and the size and strength of overall arsenals are critical elements in our relationship, just as all those chemical \$15 billion and/or \$16 billion and/or \$31 billion budget savings-and-cuts are. Both have meaning in real terms and also for the message they are meant to send to those far-flung commissars and moneylenders and other recalcitrants an American government must try to influence.

But there comes a certain point in the arguments we have over these things when the numbers overreach themselves, put on airs. They demand to be regarded as the whole story, rather than as useful (sometimes) measurements of where we are in relation to a real goal. You would think, for example, that our fundamental argument with the Soviet Union was over nothing more than the arms figures everyone bandies about when that subject is being debated, the weird implication being that once we get those stockpiles and characteristics of the weapons in the right relationship... well, the problems will be resolved.

Indicators

And you would think, too, listening to the same disputes, that the numbers and sizes of various weapons systems were, in themselves, sufficient indicators of the strength of our defense, never mind the condition or efficiency of the rest of our military enterprise or the wisdom of the strategy that chose those weapons systems over others in the first place.

The numbers, unadorned — out there by themselves — are no more reliable as a guide to social values. As in the strategic arms case, they mislead, falsely alarm and falsely hearten (depending which side you're arguing) and create a dangerous confusion. We see the numbers and take them for the "reality."

I believe that right now the country is in the middle of a valuable and long-overdue reconsideration of our ideas of social justice, economic equity and even national possibility. What can we do? What should we do? Reagan's choices have forced choices on the rest of us. But once again we are in danger of distorting the argument by sinking into the numbers trap.

do? What do you buy and what do you sell with that \$1,000?

The brief, unhappy life of ketchup as a vegetable should surprise no one. When you move from these numbers to the real-life objects people can understand, this always happens. These may be in some respects as misleading or as ambiguous as the different minimums and maximums, floors and ceilings that have become the currency of our political discourse. But they are much more helpful in enabling people to get at least an idea of the size and shape of the argument before them, and to come down on one side or the other.

The misbegotten school-lunch guidelines, with their graphic milk-milk-milk and half-glass of milk, made certain things clear. I think, to a lot of citizens who, by protesting, were in a way establishing their own ceilings and floors concerning what is permissible.

There is, no doubt of it, a fairly broad consensus in the United States that the government's social-program initiatives had become too elaborate, too mindless, too costly, too intrusive and too unfair. But there is equally an impulse, while fixing these things, to do what is right by one another. The numbers are of comparatively little help in judging where we are on this. We should stop talking about them as if they were.

Sometimes you can see more of importance through the bottom of a ketchup bottle, darkly.

Some Questions About the 'Islam Bomb'

By William Safire

WASHINGTON — You are Indira Gandhi, prime minister of India, a "nonaligned" country that is tightly aligned with the Soviet Union.

You pick up The New York Times and read, in an exclusive story by Judith Miller, that U.S. arms control officials suspect Pakistan may be diverting fuel from its nuclear reactor to build a bomb.

You note that the International Atomic Energy Agency has detected "irregularities" and "anomalies" at the plant site, and that Pakistan refuses surveillance that might slow development of "the Islam bomb."

You note further that President Reagan has asked the U.S. Congress to exempt Pakistan from the law barring military aid to countries building nuclear weapons, and that 40 F-16s are on their way to help Pakistan defend itself against the Russians in nearby Afghanistan.

You remember that Menachem Begin used F-16s to reach across the desert to attack the Iraqi reactor in Baghdad, and you ask your air force chief if the Pakistanis could use their F-16s to drop an atomic device on India's population centers or to attack India's own nuclear plants.

Letters

'French' Djibouti

I applaud the article, "French Influence Still Pervasive in Ex-Colony of Djibouti" (IHT, Sept. 15) in which your reporter stated clearly the situation of the "classic neocolonialism" in Djibouti.

What is no doubt is that the French influence has penetrated deeply, even after independence, into every sector of life in Djibouti.

Your air force man says yes, the F-16s could hit your nuclear facilities, but not for years could Pakistan develop an atom bomb small enough to be carried on a fighter-bomber. In the meantime, the major threat to India would be a Pakistani nuclear device that might be delivered by a large missile such as those being developed by OTRAG.

And what, you ask, is OTRAG? You are informed that Orbital Transport and Rocket Aktien-Gesellschaft is the Munich-based private company now helping the Libyan develop a long-range surface-to-surface missile. As Pakistan builds its bomb, it would be natural to make a deal with the Libyans on a delivery system; both Islamic countries would then have missiles with nuclear warheads.

As prime minister of India, which not long ago crushed and dismembered Pakistan in a war, you are concerned: Why don't the West Germans close down OTRAG? Answer: Business is business, and the people of Munich — many of whom protest American neutron weapons being positioned there in West Germany's defense — are evidently unconcerned at the prospect of incineration if a country laid waste by a German-produced rocket lashes back in retaliation.

You ask if India has the means to remove the forthcoming nuclear threat from Pakistan. Yes, you have British Jaguar fighter-bom-

French Socialism At the Crossroads

By William Pfaff

PARIS — France's new president, Francois Mitterrand, would like to bring out the best in the French, but the French themselves doubt that he will succeed.

His manner is conciliatory and ironic; he stands by the wealth tax, nationalizations and other controversial measures specifically promised during his campaign (dryly reminding his listeners, at his first press conference last week, "I have the means to carry out the government's programs, and I have the time"). But he is also asking businessmen for their cooperation, and appealing for national solidarity in a difficult time.

The wider men on his own side of such passion-evoking issues as private schools and commemoration of the Algerian War have been rebuked. The president wants "fraternal" negotiations on such matters.

The public has been asked whether Mr. Mitterrand will get national solidarity. In a poll taken just after that press conference, only 35 percent of those queried answered yes, 46 percent said no and 19 percent couldn't say at all. That's pessimistic, but perhaps realistic.

Triumphalism

The left's coming to power has summoned up some of the least edifying of French national qualities: petty venom, a triumphalist treatment of what they call the "chateau people," as if the chateau people hadn't mostly hated ex-President Valery Giscard d'Estaing. As a liberal and reformer, they saw him as a traitor to their class, and voted against him, or didn't vote at all. (They would also have voted against him, not his since Mr. Giscard d'Estaing's family origins are bourgeois, and people in the chateau never let him forget it.)

On the right, there has been equivalent nastiness, with much hysterical talk of expropriation, Bolshevism and emigration. Only in France, as one level-headed French industrialist said recently, is a change in government treated like the apocalypse.

The Socialist says that they are determined to give France a government more "Socialist" and less "Social Democratic" than Scandinavia, the Netherlands and Britain have experienced in the recent past. "Radical social democracy" is Mr. Mitterrand's own phrase, but what this finally will prove to be depends upon the outcome of the struggle for influence which still continues within the government.

Reconquest

The more radical faction argues that France can and should renounce the international capitalist system and pursue a virtuous, if lonely, economic career in the company of similarly virtuous nations, who seem at present to be mostly from the Third World.

These people — whose militants number 13 percent of the Socialist deputies now in the National Assembly (although many others sympathize to one degree or another) — are also responsible for the idea that France can solve its economic problems by "reconquering the internal market." Mr. Mitterrand himself has made this reconquest a national objective, naming steel, aluminum, plastics, computers, machine tools and forest prod-

ucts as areas where French producers have lost 5 to 6 percent of the domestic market in recent years.

But these industries, unfortunately, have fared far less than the Socialist's old industry, and mostly beyond the Socialist's power to correct on other than protectionist terms or by subsidizing the uncompetitive or the uneconomic.

Thus, instead of conveying the government's seriousness, this list has contributed to increasingly important doubts about its economic sophistication. It hints at the Socialist's old industry, and the Socialist's old industry, which are isolationist and autarkic-protectionist.

Dividing Up Work

The truth is that his government still has not determined what its ultimate economic direction is to be — despite all those years in opposition, when there was little to do except think and talk about these problems, for a movement dominated by intellectuals, and manned by schoolteachers (43 percent of the Socialist now in parliament are teachers), it has not been a brilliant performance.

Their government's employment policy turns out to be to divide up existing work by having people work less, and to create make-work in the post office and the administration — not exactly a dynamic program. There is to be a kind of CCC for young people, work camps, last seen in France under Vichy. One Gaullist deputy caustically said of this in parliament, "Marshall [Petain], we are here."

The nationalization program thus far has proven to be incoherent in application, extremely costly and economically pointless except to the international lawyers, who are already rubbing their hands in anticipation of the lawsuits to come. On inflation, the government has fallen silent, other than to say that today's continuing inflation follows from the policies of the preceding government.

The government's program actually remains the same program adopted when the Socialists and Communists were in opposition. The ruling criterion then was anything to keep conflicting factions together for the election battle. But to govern an economy, choices have to be made between the radical course and the moderate one, the romantic Socialist maximum and the pragmatist's minimum, the internationalist course and the protectionist. The government cannot indefinitely go on doing a little of each.

Mr. Mitterrand, whose distaste for economic matters is notorious, shrinks from these decisions because they will make trouble within his government and turn some Socialists against him. His life, which no doubt has been very agreeable since his triumph last May, will become difficult again, but until he decides where France is to go, he will find that his government's troubles mount.

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1980

Aplicacion

Satellites Fuel a Revolution in World Business

The biggest disturbance caused by the 'birds' concerns TV, and the next few years could see an explosion in channels serving Europe

By Isabel Bass

LONDON — Suspended 22,300 miles above the equator are about 50 electronic birds with Star Wars sounding names like Intelsat V, SBS 1, Molniya, Anik-B, and OTS. Some are long with aerodynamically flat solar panel wings while others are stubby cylinders bristling with antennas.

They have changed world communications since the first was launched 24 years ago and have challenged the national control of telecommunications. They have powers that are transforming society.

Across the Western world, the business community is already soaring with the latest in electronic stylus systems, teleconferencing facilities, videodata desk-top interactive terminals offering instant two-way satellite communication of documents and data including voice and pictures transmissions.

World Usage

In France, the PTT (the national postal and telecommunications system) runs a network of 60 sound centers and four video-conference centers for business people who prefer not to travel. A one-hour videoteleconference costs 1,200 francs.

In the United States, the world's first private satellite service exclusively for business, Satellite Service System, has been established. It has its own satellite and provides corporations such as Boeing with a rapid computer data traffic system, IBM with voice conferencing, and All-State Insurance Company with teleconferencing.

In Britain, Visnews, the world's largest television news agency, has just set up an international satellite service for broadcasters and business communications. The new enterprise, World-Visnews Broadcast Services, organized jointly with the Robert Wold Company of Los Angeles, expects to link up the European and Far East components of one of the world's largest news agencies. Britain's 10-year-old, state-owned Confravision, which offers two- or three-way linkups from eight studios in the country, is so nervous about the commercial competition that it refused to release figures on consumer usage.

The biggest disturbance caused by the birds concerns television, and the next few years could produce an explosion in the channels serving Europe's 250-million viewers and bring TV to developing countries. Already more than a billion viewers watch programs transmitted by satellite.

The first European satellite

Singapore: A Showcase For Projects

SINGAPORE — The prospects for continuing foreign investment here largely depend on the increasing capabilities of Singapore's international communications facilities.

Appropriately, government authorities have formulated particularly demanding requirements for future systems and services. Their detailed tenders are considered extremely innovative by competing international manufacturers who feel that Singapore is an important showcase for advanced telecommunications products.

"Singapore's specifications for its integrated telecommunications network are so sophisticated that

(Continued on Page 12S)

broadcasting service, U.K.-based Television Ltd., began transmission last week. This fall, it will start sending programs from London to Malia that can be picked up throughout Europe.

Conference

This potential bonanza for viewers and entrepreneurs has clearly shaken up those who direct today's telecommunications and broadcast industries. Corporate programing heads are worried that programs beamed from other countries will destroy their ratings.

Governments are concerned also about their effect on national sovereignty of the air waves.

On Nov. 25-27, a 2½-day international conference will be held in Vienna, addressed by 13 European satellite specialists drawn from space agencies to advertising industries, co-sponsored by the Economist magazine of Britain and the International Institute of Communications, an organization of 1,000 communications professionals.

"This is the first year when we're sufficiently advanced to discuss the practicalities offered by satel-

lies. We're bringing together, for the first time, all the people involved in different industries who need to know what's happening. The stress is on new programs and new financing for new audiences," said John Howkins, director of the conference.

Pointing out that the nature of European satellite services is likely to be very different from current national-oriented proposals, he outlined some of the problems to be discussed at the conference.

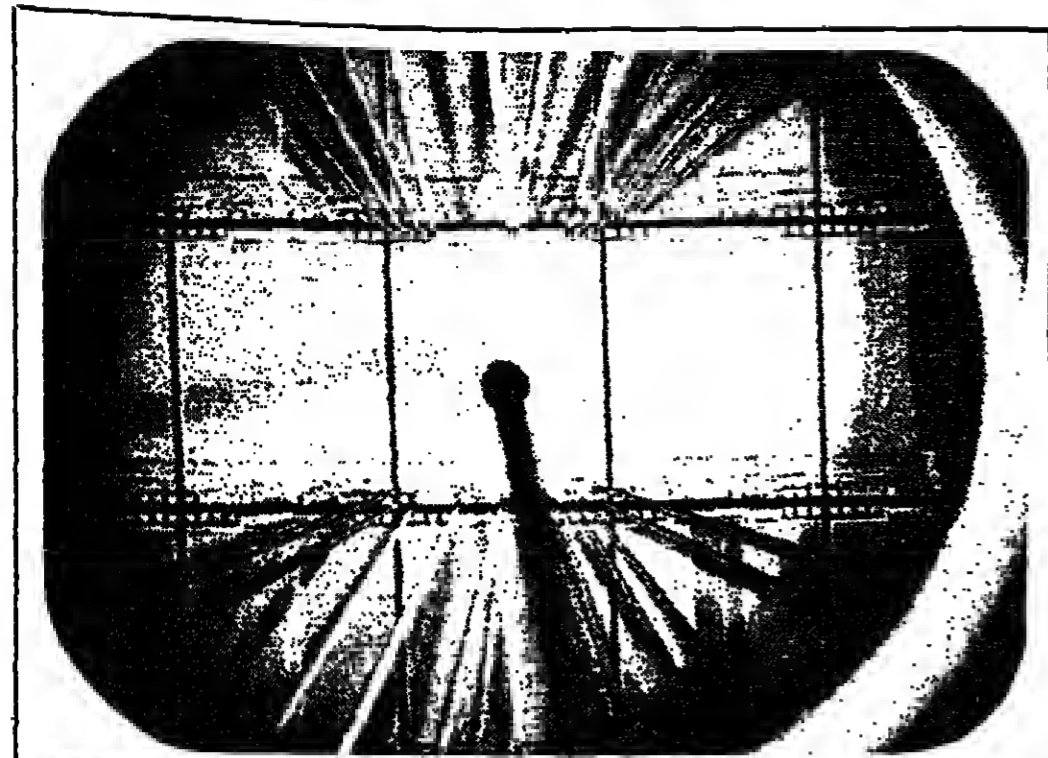
"We'll talk about what new services are likely to be operating by

1985 and who will own, control, operate, and supply them with programs. Will standard public service principles or rating dominate European broadcasting? And who will watch?" he said.

The speaker likely to attract the most attention is Brian Haynes, former British TV producer and current director of Satellite Television Ltd.

"Space is a resource and people are only just realizing how you can use it," said Mr. Haynes, who won over 13 European FTIs and side-stepped existing British government regulations in order to set up this first Europe-wide advertisement-carrying TV service beamed from space.

Isabel Bass is an American journalist based in London.



Above is a microprocessor, viewed through a microscope. At left, a technician uses tweezers to pick up a silicon wafer from a tray and place it under a microscope for inspection. Special sanitary clothing is worn in "clean rooms" to prevent contamination.

The Era of the Microprocessor

By John F. Kane

THE MICROPROCESSOR that ushered in a new era of electronics in the 1970s will have an even more profound impact during its second decade.

Developed in 1971 by a team of engineers from Intel Corp., the "computer on a chip" has spurred the creation of new multibillion-dollar businesses, has revitalized mature industries and plays an increasingly prominent role in the daily lives of millions.

Its impact is economic in the businesses it creates and stimulates, social in the influence it is having on the way in which millions live and work, and political in the struggle it has created among nations for parity in its own technology.

The microprocessor and other semiconductor products are helping to reverse a trend that has plagued the world's industrialized nations. They are resulting in products that are smaller, more reliable, use less energy and are less costly than their predecessors. They make workers more efficient by adding capabilities to or creating new products, and help reduce inflation because of the continuing lower cost of the microprocessors themselves.

The first microprocessor — the Intel 4004 introduced in 1971 — contained the equivalent of 2,300 transistors and made possible the first pocket calculator. The microprocessor has come a long way since then. Motorola followed with the first low-voltage, 8-bit microprocessor — the 6800 — in 1974, and National Semiconductor announced the first 16-bit single-chip microprocessor the

same year. Companies like Texas Instruments, Zilog, Fairchild and RCA have all made sizeable contributions to the development of successively more complex, more powerful microprocessors.

The Newest

The newest microprocessor — the Intel APX 432 — is a three-chip system containing the equivalent of 200,000 transistors with the computing power of a large IBM computer.

The tiny sliver of silicon that makes these things possible was the result of miniaturizing the functions of a computer to the size of an integrated circuit chip. Earlier, it had taken microcomputers seven years to exceed the number of mainframe computers in use. It took just three years for microprocessors to exceed the populations of both mainframes and minicomputers. In 1979 alone, 75-million microprocessors were shipped to customers.

By packing computer-like power onto a tiny chip, the microprocessor spawned a series of new businesses that emerged during the 1970s — industries that produce pocket calculators, digital watches, electronic games and the newest rage, personal computers.

Less visible — but equally sizeable — new markets were also developing in many mature industries because of microprocessors. Electronic instruments added computational power to their data-gathering functions and flourished. Life-saving medical equipment, such as pacemakers and

(Continued on Page 8S)

TRADE FAIRS

Cannes

Special to the IHT

MORE than 7,000 videocommunications experts will meet in Cannes Oct. 9-13 for the 7th annual International Videocommunications Market, called by its organizers the largest and most comprehensive gathering of video, data bank and telematics professionals in the world.

The market, which is being held under the auspices of the International Videocommunications Conference (VIDCOM), will bring together manufacturers and users of electronic communications and entertainment devices at the Palais des Festivals.

At the conference last year, 434 companies demonstrated equip-

ment and programs. This year, VIDCOM officials say, representatives from more than 75 countries, including the United States, Canada and Japan, are expected to attend. In the home video category alone, more than 400 participants are anticipated, with increases in other exhibition and discussion categories as well.

According to VIDCOM, exhibitors and panelists will include representatives from Sony, Philips, Siemens, RCA, Warner Communications, the Walt Disney companies, the major North American and European television networks and production companies, and scores of individual and institutional video programming and equipment manufacturing companies.

Moscow

By C.G. Cupic

A COMMUNICATIONS technology fair held in Moscow during the first half of September, "SVIAZ-81," drew more than 250 specialized companies from Western industrialized nations — including the United States, Britain, France, West Germany, Japan, Italy and Sweden — and 25 industrial groups from the Comecon countries and Yugoslavia.

Sponsored by the Ministry of Communications and the Chamber of Commerce and Industry, and designed to attract ordinary visitors along with communications technology specialists, this was the third such international exhibition since 1975.

The exhibition had a dozen categories, covering highly sophisticated items like telecommunications transmission by satellite, with its operating and controlling equipment; radio communications, involving transmission over herztian waves and testing and controlling instruments; television equipment, with recording, editing, transmitting and receiving material; telephone systems with private automatic branch exchanges, subsets, answering machines and voice data terminals; materials and technology for the production of sub equipment as microprocessors, semiconductors, integrated circuits, optical fiber, photo-electronic and cable material; equipment for mail sorting and distributing, teleprinters, telephone radio relays and more.

Also exhibited were scientific literature, equipment for radio amateurs and stamp collections concerning communications.

During the fair, scientific conferences discussed technological research, physics and mathematics theory, and future applications, among other things.

The Soviet Union, which had one of the largest stands at the exhibition, focused on its satellite technology with Ecran and Horizon satellites and ground television receivers.

For the Western participants, the fair was mainly a showcase for highly sophisticated technology geared toward the vast market in Eastern Europe. The main products exhibited were automatic telephone exchanges, television equipment, communications transmission equipment and microprocessors.

The burgeoning home video recording market will be discussed during a special two-day seminar of the International Tape/Disk Association in conjunction with VIDCOM. This seminar, which will be the association's first in Europe, is to include North American, Asian and European experts in discussions of advanced marketing techniques for video hardware and programming, analytical profiles of the home entertainment markets by financial experts and a global report on the home video sales outlook.

An international panel of lawyers will address the legal problems encountered by distributors of recorded materials in international markets where copyright clearances and royalty regulations differ from country to country.

VIDCOM's organizers will provide a battery of attorneys to assist and advise conference participants on how to do business in an international market of conflicting legislation. The attorneys also will offer counsel on combating the growing problem of illegal video material reproduction.

VIDCOM's piracy discussions will focus on the liabilities of legitimate users and distributors and the measures that can be taken to stem illegal reproduction and marketing of video materials.

Another symposium will be devoted to videodisk technology and sales. Videodisks, which pick up signals from a rotating platter rather than the tape of a cassette, have met with consumer uncertainty. Among the exhibitors in this category will be RCA Selectavision, which earlier this year launched a \$150-million videodisk promotion campaign in the United States.

VIDCOM organizers say that the Cannes conference will be this year's major forum for specialists in the telematics industry. Hardware manufacturers and user specialists will demonstrate products and services ranging from electronic telephone directories to institutional and individual data banks to videotex systems.

Paris

By Harriet Wely Rochefort

PARIS — Someday in the very near future in and out boxes may disappear from the bosses' desk — but not from his office.

They'll be on a screen on a work station that he uses and he will do all his paperwork simply by indicating what he wants done by means of a little pointer called a "mouse." He can also do page layouts and even create their own graphics on the word processing machine.

The machines can be hooked up to a printing department which not only will produce a perfect copy of the document written, edited, and laid out on the machine but will store all the information so it can be called up again. A cable called "Ethernet" links all the intelligence terminals, electronic printers, etc., together.

The STAR system, presented by Rank Xerox at the SICOB (International Data Processing, Telematics, Communication Office Organization and Office Information Trade Fair) held at La Defense from Sept. 23 to Oct. 2 is, in the words of a company spokesman "the office of the future."

Catching On

Launched in the U.S. in April, 1981, the STAR system, in spite of a costly price tag (approximately \$16,500 for one 8010 Executive Work Station), is catching on.

The commercial launching of the STAR system will begin next month with plans for installation of the machines in mid-1982. Says a Rank Xerox spokesman in Paris: "The Xerox 8010 was designed for professionals and managers, not clerical staff because professionals cost more than their staff and we saw a need for increasing productivity and saving money on that side. It has been well-received in France and is a human concept, easy and clear to use."

The fact that office tools such as files, drawers, incoming and outgoing mail and messages can be dealt with directly on the screen and that the machines can be spread over several floors in the same

High Tech Supremacy: A Global Struggle

JAPAN VS. UNITED STATES

EUROPE IS TRAILING

By Joel Stratte-McClure

A MAJOR struggle is being waged among the industrialized nations in international trade, particularly in the areas of high technology. The prize is survival.

The major contenders are the United States, with its technological leadership vested in silicon at the country's great scientific laboratories and its vast, homogeneous market, and Japan, which has wrested world supremacy from the U.S. in a number of markets and threatens to move ahead even in high technology industries.

A distant third is Western Europe, shackled by ancient rivalries, small, fractionalized markets and the lack of coherent leadership but slowly becoming aware of the need for unified action.

Has the Momentum

Of the three, Japan has the momentum. During the 1960s and 1970s it has systematically chipped away at target industries to become a world class competitor in many of the international markets that carry with them the ingredients for success in the decades ahead.

Japan has set its sights on gain-

ing a dominant trade position in three major technological areas: semiconductors, computers and telecommunications. These are "growth-linked" industries whose development spurs the growth of a large number of other vital industrial sectors. So far in the 20th Century the leading example of a "growth-linked" industry is automobiles, which created around it a mammoth infrastructure of suppliers and dealers and ensured the growth of transportation-based industries ranging from road building to tourism. The same kind of synergism is inherent in high technology industries.

Semiconductors have been hailed as "the crude oil of technology" and are a natural target for Japan — whose major natural resource is its people. Just as oil fueled the industrial revolution, semiconductors are seen as the fuel for the electronics revolution now taking place.

Spectacular Growth

The growth of the Japanese semiconductor industry has been spectacular. In 1976 the total value of its integrated circuit production was \$7 million. In 1979 it had reached \$132 million; in 1980 it was well over \$2 billion.

Semiconductors represent a significant "growth-linked" industry, representing vital components in the products of a large number of other industries that are substantially electronics-based. These include computers and data processing, telecommunications, transportation, consumer electronics, industrial processes, instrumentation and strategic military systems.

The development of these industries will, in turn, transform modern society and determine which

(Continued on Page 12S)

EUROPEAN companies are attempting to rival their Japanese and American counterparts in numerous sectors of the telecommunications and teleinformation disciplines.

While Europe trails in the important areas of microelectronics technology, European industry has managed to establish a foothold in some areas, including digital switching and transmission, videotext, videotex and other new product fields.

But rigid national programs and a splintered continental market prevent Europe as an entity from establishing the necessary technical and commercial clout that would result from the advent of a

pan-European strategy — capable of influencing key international standards, penetrating global markets on a larger scale and harmonizing products.

The lack of this essential European unity is as pleasing to American and Japanese manufacturers as it is dismaying to European advocates of a united front in telecommunications, electronic data processing and related high technology industries. How to deal with the future of teleinformatics on a competitive and collaborative pan-European scale is an important aspect of the ongoing dialogue between European governments, companies and organizations. The current consensus is that Europe has a long way to go before rectifying the situation.

A number of European agencies are attempting to push industry and governments in the direction of pan-European projects — probably the best hope for European industry. For example, the EEC is attempting to provide the political impetus to gradually deregulate European markets while the 26-member Conference of European Postal and Telecommunications Administrations (CEPT) is attempting to harmonize new services and promote harmonization for existing services. Both groups are seeking a unified approach and coordinated strategy in areas such as components, networks and terminals.

(Continued on Page 12S)

Personal Computers Altering Daily Living



Home computers monitor stocks, beat you in chess, and...

PERSONAL computers are the latest electronic success story, surpassing the boom in pocket calculators a decade ago.

Starting from zero in 1974, when the first microcomputer kits hit the world market, industry sales will have soared to an estimated \$600 million this year and approach \$1.6 billion by 1984.

But the significance of personal computing is not in figures. It can be better measured in the changes it will bring within the next decade as computer power is applied to most of the tasks of daily living because of the low cost, small size and ease of use of the machines.

By 1984, computer firms are expected to sell 1.6-million personal computers annually around the world.

There are now nearly 400,000 of them in consumers' hands. They are monitoring oil-drilling operations, doing payroll and inventory for small retail stores, helping students at all levels improve skills in mathematics, spelling and science. They are being used by lawyers in the courtroom, by insurance executives making sales calls, and by writers to prepare copy and keep track of stories sent to publishers.

At the Small Scale

They can also help an 11-year-old learn to play chess and, in the United States, have become an essential part of the giant toy industry. They have proved indispensable for owners of small businesses, especially single-person businesses.

Personal computing began soon after the invention of the microprocessor in 1971. Within a few years a number of bright young engineers in various parts of the

United States had developed small computers. Some went a step further and began packaging kits, containing all the parts needed to assemble the computer and a simple sheet of instructions and selling the kits through the mail or in hobby shops. These home-made computers were a big hit among hobbyists and so-called computer "fanatics."

The new machines were obviously more than playthings. About five years ago complete home computers began appearing in stores, packaged in attractive cases with typewriter-like keyboards and built to plug into a standard television set to use as a visual console.

They sold for about \$1,000 and were mainly used for amusement.

The most successful of the early personal computer firms that bloomed overnight is Apple Com-

puter Inc. of Cupertino, Calif. Founded in 1976 by Steven Jobs, then 21, and Stephen Wozniak, then 25, Apple Computer is expected to reach \$160 million in sales this year. Along with diversified manufacturers Tandy Corp. and Commodore, Apple shares 85 percent of the personal computer market. The growth potential is so great that major U.S. electronics firms such as Hewlett-Packard, IBM and Texas Instruments are expected to unveil important personal computing products soon.

Not surprisingly, the main use of personal computers in schools is to teach "computer literacy" — giving students direct experience in using computers. Another important area of study is programming, in which students learn computer languages such as Basic, Pascal (developed in Switzerland by Nicolas Wirth) and Cobol and then create their own programs.

Still in the future is the much-heralded home market. This amounts to potentially the largest group of customers in terms of dollars and units.

The \$500-Computer

But to crack that market the industry must develop a personal computer selling for \$500 or less. And that computer must be able to perform in both word- and number-related areas. The \$500-personal computer exists today, but it is still a simple machine performing single, specific tasks.

The present price range reaches up to \$8,000 for an Apple 111 system offering color graphics, sound, and extra memory. These more expensive systems can be expanded to include more memory capacity and printing capability to provide performance comparable to that of minicomputers costing up to three times as much.

The most popular models are programmed in the English-like Basic language, which enables even nontechnical users to work

(Continued on Page 10S)

COMMUNICATIONS TECHNOLOGY

Voice-Recognizing Machines Taking Off After a Decade of Trial

By John Javetski

THE NEXT time you hit the wrong key on your calculator, wait impatiently as your microwave oven counts down to zero or pound the steering wheel of your stalled car, watch your language; that machine may be listening.

Now emerging from the laboratories of equipment manufacturers around the world are a host of products equipped to understand and respond to human words instead of to keyboards and switches. Thanks to an endless stream of cheaper, more powerful computer components from the electronics wizards of Silicon Valley, California and Japan, voice-recognizing machines have improved productivity on the job and convenience at home at affordable prices and with near-perfect accuracy.

Primitive voice-recognizing machines reached market about 10 years ago and now number almost 1,000 in the United States alone. They only understand vocabularies of less than 100 words that must be spoken clearly and separately by one person, who first trains the system to his voice by saying each word several times. Despite those severe limitations, those so-called isolated-word machines can simplify certain tasks.

Industrial Environments

One such system, hooked up to an automatic telephone dialer, calls any of 40 business associates when an executive says his name into the phone. Another eliminates the need for an extra telephone operator at a brokerage house by answering investors' calls for stock quotes in a voice that is itself electronically synthesized.

The majority of today's installed isolated-word machines are used in industrial environments where

workers' hands or eyes or both are busy. Air traffic controllers, for example, can improve their concentration with a voice-recognition system installed between their microphone and computer display. To call up more information about Flight 158, for instance, they can just say "one, five, eight" instead of looking away from the screen to type in the digits.

At an intermediate level between today's isolated-word machines and future products that will understand continuous speech are connected-speech recognition systems. Now in industrial and commercial use are machines that can understand short groups of words or numbers, like a five-digit ZIP code. One connected-word system, priced at \$50,000, understands sentences of five words from a 120-word vocabulary, as long as the sentence is not more than two and a half seconds long.

Even the limitation of speaker dependence can be avoided with

ingenuity. Each of several intended users can train a voice-recognizing machine to understand the speaker; the machine then averages the pronunciations. That technique, however, reduces recognition accuracy for any one speaker, and divides vocabulary size by the number of users. A machine with a total vocabulary of 80 words, for example, would have an effective vocabulary of only 20 words if trained by four operators.

The ultimate voice-recognizing machine will convert anyone's speech to text with no mistakes. Acting as a typewriter equipped with a microphone instead of a keyboard, such a machine will need a vocabulary of 100,000 words and complete speaker independence. Some optimistic market researchers are predicting its debut by as early as 1983.

Several problems must be solved before the universal dictation machine becomes a reality, however.

Microprocessor Era

(Continued from Page 75)

patient-monitoring systems, were now possible. Industries as diverse as communications and manufacturing, space exploration and toy making are all benefiting from use of microprocessors.

It is in the area of telecommunications that European nations hope to finally catch up with the U.S. and Japan. Led by Sweden's L.M. Ericsson and France's CIT-Alcatel, Western European countries are current leaders in developing a new generation of digital telephone systems that represent a \$1-billion market.

It is the strategy of European governments and businesses alike that the microprocessors and other special semiconductors used in these new systems will be engineered and manufactured in Europe.

Unlike the great technological revolutions of the past, the fruits of the microprocessor era will touch every human being well within a single generation.

Financial experts see the microprocessor market by the year 2000 perhaps as great as \$100 billion annually — enough for two or three new microprocessors per year for very human being on the planet.

John F. Kane is vice president, editorial services, of Regis McKenna, Inc.

Perhaps the biggest is that smaller, cheaper and faster electronic parts cannot be relied upon for the entire solution, for most of the problem is linguistic. Now under development by white-coated specialists in artificial intelligence are complex computer programs that teach machines the rules of grammar and sentence structure. Even more esoteric research is investigating ways to teach hardware about context, regional accents and slurred speech.

Why bother? Independent of machines' abilities, the motivation to equip them with ears is obvious. People just feel more comfortable dealing with a machine in their own language instead of its language. However, studies show that office workers tend to tolerate fewer errors by a voice-recognizing machine than by one with a keyboard.

The statistical argument for improved productivity in the office is just as strong. Where the average worker speaks at about 180 words a minute, skilled typists work at only half that rate. Unskilled typists, a category that includes most office workers and executives, poke along at a mere 15 or 20 words a minute.

Equally obvious are the benefits to consumers from machines that are easier to use. Voice-controlled television sets, dashboards that answer driving questions and bank money machines without dozens of buttons are examples of futuristic voice-recognition machines that would make life easier.

Three-Part Process

How does an electronic device understand human speech? All voice-recognizing machines do three things. First, they analyze the spoken word for energy content across the frequency range of human hearing. Next, the analysis

is converted to the digital computer language of ones and zeros and stored in an integrated-circuit memory chip. Finally, a microprocessor compares the digital pattern of the input word to the previously stored patterns of all vocabulary words, as pronounced by the speaker; the best match identifies the input.

Electronics technology continues to raise the accuracy and lower the cost of the circuits that perform these tasks. For example, the filters that do the energy analysis now cost 1,000 times less than they did a decade ago. The chip that converts that analysis to digital form literally costs less each day. A typical memory chip that can store 500 four-letter words now costs about \$5; it cost 10 times that much only a year or two ago. Even the powerful little microprocessor, invented in 1971, goes for only \$15.

With tremendous profits in the offing — some researchers are predicting a billion-dollar market for voice-recognition hardware by 1990 — companies are racing to

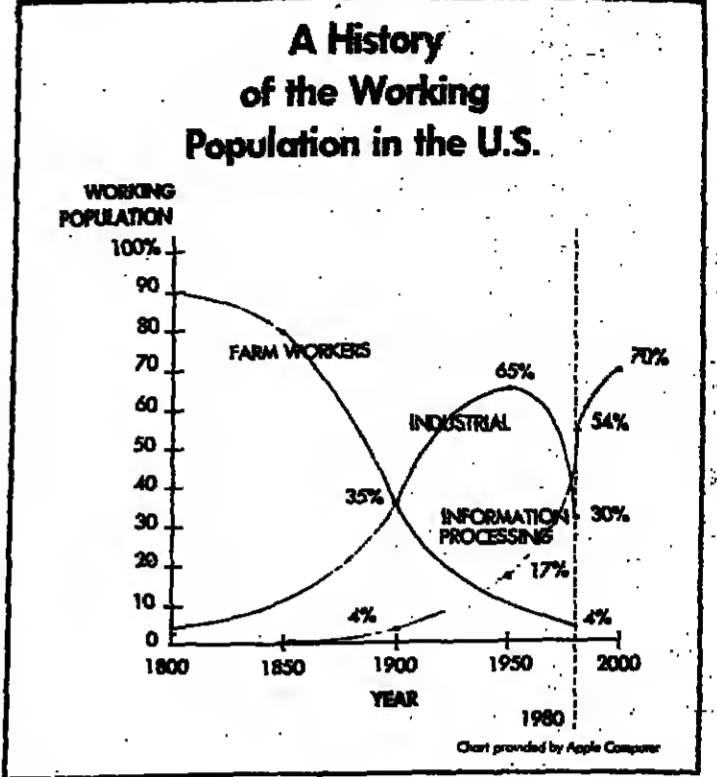
get to market first with a practical, inexpensive product.

The players in the voice-recognition game fall into three categories. First, there are the companies that make the integrated circuits — firms like Intel, Texas Instruments, Motorola and several aggressive Japanese companies.

Next in line are the companies that buy integrated circuits and connect them, typically on a page-size board, so they can recognize speech. Those companies are the real voice-recognition experts, but their futuristic names — Auricle, Threshold Technology, Houristics, Verber, Voicestat — are unlikely to become household words.

Last in the chain are the manufacturers of products familiar to everyone — typewriters, large computers, word processors, copying machines and so on. Members of this club include International Business Machines, Xerox, Apple Computer, Westinghouse and others.

John Javetski is former editor of McGraw-Hill's Power & Electronics Magazine.



Adapting the Handyman Concept to Software Services

A FEW months ago, a small French company that sells printing machines had the problem of how to quickly select different types of information ranging from the firms that had purchased machines, the names of firms interested in different kinds of equipment, to a list of the machines used by its customers.

Shuffling through numerous lists each time a mailing arrived was becoming a waste of time.

The answer to their problem came from a new software services company, TDT (traitement de

textes, French for word processing), which offers its customers advice on how best to use the word-processing machines they have and a selection of qualified personnel to step in and solve software problems. In the case of the printing machines company, TDT put the company's address file on memory, enabling them to find the exact information they needed within seconds.

TDT, which moved into its offices into the center of Paris last February, is the brainchild of two young veterans of the computer age — Terry Downing, a 27-year-old Englishman and Greenville Lee, a 35-year-old New Zealander. Mr. Lee, who started working on computers with Shell in New Zealand in the 60s, came to Europe on a holiday and ended up working for CINCOM, a large software company in Brussels, and later for Clark Equipment in Paris.

Lee met Downing at the Aubervilliers squash courts, "back in the days when we had time to play," said Mr. Downing, the company's technical director for word processing, who came to France after business management and computer studies in England as well as major computer courses there.

It is the fact that the two company heads are English-speaking (al-

though both speak French) a handicap in France? "On the contrary," said TDT consultant Bruce Golding, who also serves as the company's translator, making complicated technical terms intelligible to laymen. "This is a field where the Anglophone is recognized as having knowledge. English is very often the common language in the computer field."

TDT's services are two-fold — hiring out personnel to work on computers and preparing computer programs in their offices and offering the means by which companies can use their word processing machines to the best advantage. The company has perfected a program to convert the IBM 3740 diskette onto a word processor. "We are the only people who can convert the diskettes onto the Wordplex," says Mr. Downing.

Another field TDT has taken interest in is the development of additions to word processing such as WordAdd, a system that enables the storage of a text, typed on any ordinary golfball typewriter, to be converted onto a word processing machine or direct telex link. "When you have a text or a letter typed on an electric typewriter, you've lost it once the letter is dispatched. The advantage of this system is in being able to keep the text stored on diskettes for re-

printing or editing purposes," said Mr. Downing.

The originality of TDT lies in its formula of offering fixed fee contracts for specific jobs. "The problem for most French companies," said consultant Mr. Golding, "is that they usually think in terms of engaging someone permanently for a specific job and later have to think of how to use that person once the job is finished. We offer a flexibility that a company cannot obtain with a full time staff, and if, for some reason, we put the wrong man on the job, we change him. French companies are now beginning to see the need of having fixed costs per month for services." TDT says it has a pool of approximately 900 persons in Europe that it can call on.

Turnover has been increasing at a rate of 50 percent per month and clients include international banking corporations and leading multinationals as well as the Armed Forces. The company seems to be filling a needed gap in the area of software services.

"To our knowledge," says Mr. Golding, "there's no one in the market who knows that word processors can do three-quarters of the work of computers."

— H.W. ROCHEFORT



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COMMUNICATIONS TECHNOLOGY

Cable Television Comes Into Its Own in U.S.

By David V. Jackson

CABLE television, for many years the deprived stepchild of the entertainment industry, is coming into its own in the United States.

Created in the late 1940s, cable TV by 1970 claimed only about 9 percent of the 60 million U.S. television households as customers. Ten years later, cable TV had penetrated just 22.9 percent of about 77 million TV households.

But the decade of the 1980s promises a quantum jump in the growth of cable TV. By the end of 1982, according to industry projections, 30 percent of all U.S. TV households will be "cabled," with an increase to 40 percent anticipated by 1985.

Behind these statistics lies an industry that is multifaceted and rapidly evolving.

During the dawn of the TV age in the United States — the years just after World War II — people who lived far from the few TV stations then in operation got very poor reception or no reception at all. The first cable TV systems were established in such remote areas. Their operators found the most favorable sites in those areas, put up powerful antennae and connected them via cable to their subscribers for a fee.

All of the programs received by the early subscribers to cable TV were "free" in the sense that there was no charge for the programming, only for the reception from public broadcast TV stations.

In the 1950s, various entrepreneurs sought to take advantage of cable TV's vast potential by developing additional programming for which subscribers would pay a fee. This was the birth of "pay TV," but it got off to an inauspicious start.

The TV networks that provided "free" programming and the stations that broadcast this programming were aghast at the threat they perceived in pay-TV, and they mounted an intense lobbying effort against it.

In 1966, the Federal Communications Commission came down hard on the cable TV industry. The FCC prohibited cable systems from bringing the signals of distant TV stations into the 100 largest U.S. television markets. At the same time, the agency barred cable TV systems from bringing into a city any program that duplicated a show being broadcast by a TV station in that city. Two years later, the FCC went even further by prohibiting the establishment of any more cable TV stations in any of the 100 major TV markets.

It was not until 1977 that the FCC moved to deregulate the cable TV industry, on the grounds

that the TV networks no longer needed much protection.

Despite the bonds that restrained it from growing rapidly in the early and mid-1970s, cable TV was becoming a structured industry. Actually, what the public generally refers to as cable TV might more appropriately be called the home entertainment industry. It includes filmed entertainment, which provides the programming; the cable TV system operators who transmit the programming to the home, and the equipment manufacturers. Equipment manufactured by the third segment of the industry includes transmission and decoding devices, videotape records and videodisk equipment.

Surprising though it may be, there is still no cable service available in parts of many major U.S. cities, and some cities have no cable TV at all. But these voids are gradually being filled. Last month, a franchise was awarded to Cablevision Systems to wire the entire city of Boston at an estimated cost of \$93 million. Despite this high initial expense, Cablevision expects to be making \$23 million a year from the Boston franchise within 10 years.

It is generally believed that by the end of this decade virtually every resident of the 100 major markets will be able to subscribe to a cable TV service. The reason this objective will not be achieved overnight is that it can take several years to build a franchise after the drawn-out process of selecting a franchisee has been completed.

It is important to note that there are several "tiers" of cable TV service. The first tier is simply the reception of TV signals via the cable. Additional tiers consist of various levels of programming — i.e., a sports channel, a movie channel,

an all-news channel. To get the additional tiers, subscribers pay an additional fee.

The tier concept has been successful. Initially, only about 25 percent of cable TV subscribers took the additional tiers of service. With the introduction of new services, this penetration has risen to about 75 percent — that is, 75 out of every 100 cable TV subscribers buy the additional programming. Some subscribers have taken more than one pay service despite the fact that there is frequently a duplication of the movies shown.

Another distinction that should be pointed out is that there are three types of cable and pay TV. One type transmits its programming over a cable. Another sends its signals over the air in scrambled form from a UHF television station; to unscramble the signal, a TV set must be equipped with a decoder. The third type transmits a scrambled signal direct from an orbiting satellite to viewers' homes.

Technological advances of cable systems will also enhance the attractiveness of cable TV. Recent prospective franchisees are promising interactive dual cable systems with 100 or more channels of capacity and a dozen or more pay channels. There is only enough product at present to utilize about 30 of those channels, but there are increasing numbers of programmers who are developing new product.

Cable companies are also developing more of their own programming. Tiering is allowing cable companies to target more specific audiences. Movies are packaged into those for general viewing, children, mature audiences, ethnic groups and various languages. Decoders are becoming more difficult to tamper with and most are now addressable.

Addressability allows the cable company to offer special pay programming on a per event basis just to those subscribers who are willing to pay to view it. These systems also allow cable companies to turn off delinquent subscribers until their bill is paid or add tiers of programming at the head-end.

The next generation of cable equipment will be interactive, or two-way. Initially, operators will offer a package of burglar/fire alarm and medical alert systems for a fee approaching that for the basic service and one pay program combined. Home banking, energy management and catalog shopping features could be next to become available.

Selected advertising is likely to increase in the future. Some networks are already advertiser-supported, and subscribers have indicated their willingness to accept some advertising. It has been difficult to match program lengths so that the next program begins on the hour or half hour, so advertising may be used as filler.

Cable television company equities have significantly outperformed the major market averages in recent years following their 1974-1975 lows. In addition to strong earnings growth, cable companies have been accorded even higher valuations on a per subscriber basis on the recent successes of pay television and the expected returns from premium pay services.

For those who value cable operations on a cash flow basis, the current heavy building schedule is resulting in an acceleration of cash flow. Buyers of cable companies are willing to pay up to 10 to 12 times the next 12 months' cash flow, from seven to eight times just two years ago. Again, the higher multiple of cash flow is being accorded because of the potential for generating incremental revenues as pay tiers are added.

In the last few weeks, cable television and related stocks have retreated about 20 percent from the 1981 highs. This is probably because of the cable issues' greater volatility compared with most other stock groups. A weak general market could be expected to result in a more significant pullback in cable issues, especially as they had been outperforming the market earlier in the year.

PARIS TRADE FAIR

(Continued from Page 75)

phone directory with a visual screen on 2,500 volunteer households in Velizy. Various operations, including telepayment, mail orders, and ticket reservations can be carried out on the videotex terminals installed in the homes.

As far as office uses of "teletex" are concerned, telematics (a combination of the French words *telecommunications* and *informatics*) are now being used by banks and hotel chains and is now being extended to a new user category — farmers. Videotex machines giving precise weather reports as well as information on crop diseases may radically change the future for the farmer.

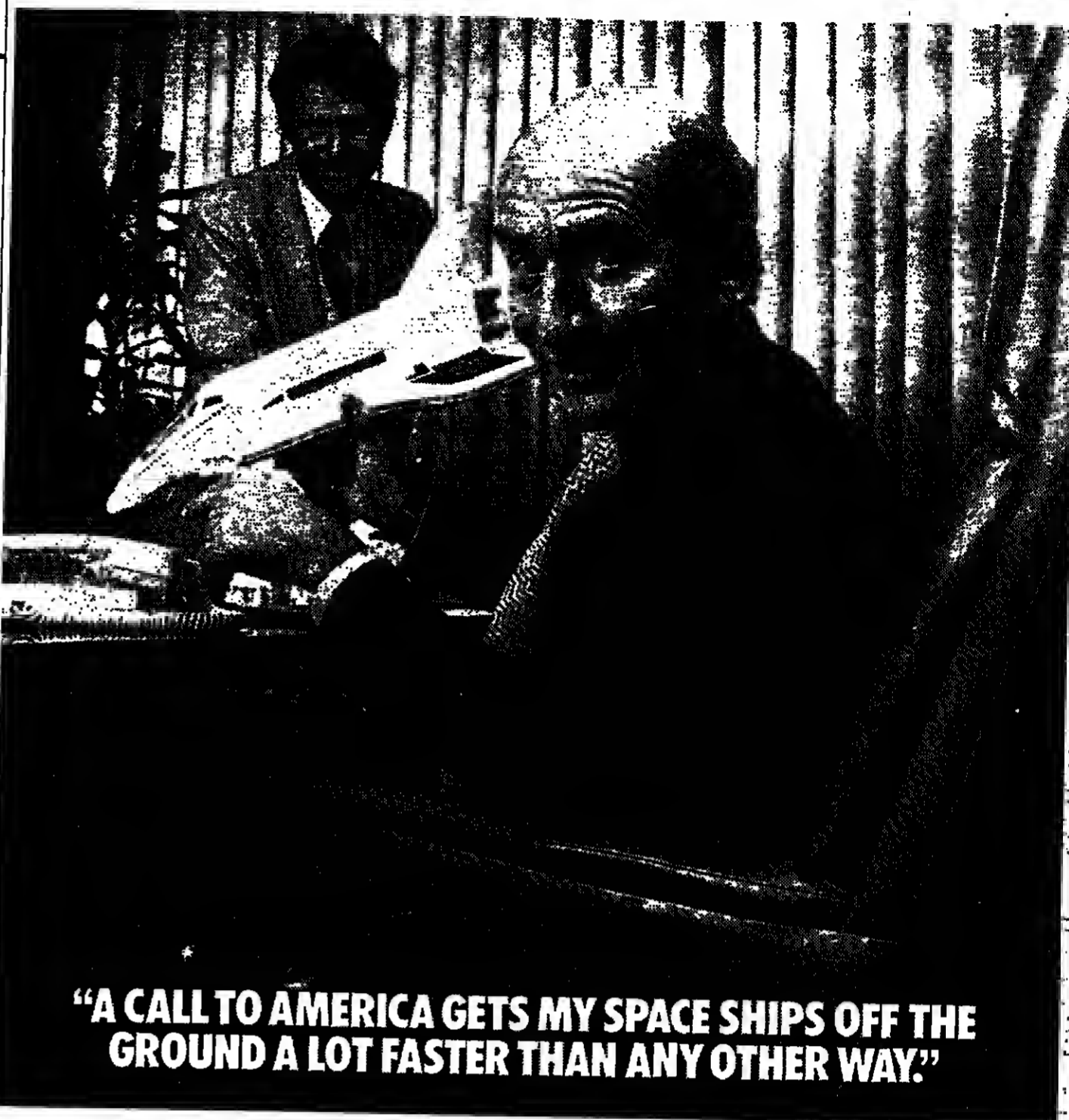
With between 30,000 and 60,000 standalone personal computers in France today, the success of the

SICOB Boutique, featuring all the innovations in this field, is hardly surprising. Ranging in price from 100 francs (approximately \$20) to \$15,000, these personal computers can be used for everything from educational to just "fun" games to the teaching of drawing or music theory, and are also being used by certain liberal professions for their accounts.

Other data processing events during the Trade Fair included the *Convention Informatique* (Data Processing Conference) and Study and Application Days, the former for users and software companies, and the latter a meeting place for professionals.

Harriet Welby Rochefort is an American free-lance journalist based in Paris.

David V. Jackson is a senior financial analyst for Bateman Eichler, Hill Richards Inc., a Los Angeles-based securities firm. This article was adapted from a report presented by Mr. Jackson at recent seminars for institutional investors in London, New York and Los Angeles.



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| 4PM | 10AM | 10AM | 10AM | 10AM |
| 5PM | 11AM | 11AM | 11AM | 11AM |
| 6PM | 12PM | 12PM | 12PM | 12PM |
| 7PM | 1PM | 1PM | 1PM | 1PM |
| 8PM | 2PM | 2PM | 2PM | 2PM |
| 9PM | 3PM | 3PM | 3PM | 3PM |
| 10PM | 4PM | 4PM | 4PM | 4PM |
| 11PM | 5PM | 5PM | 5PM | 5PM |

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Just use the schedule on the left to be sure that you call when Americans are in their offices.

Now, are you ready for the countdown? 3...2...1...dial. Your toy space ships are on their way.

In recent years, a number of public tenders for digital telephone switching systems have been issued. The Ericsson AXE system has been a top contender in almost every one.

AXE: the facts and the future.

In the digital telephone switching market, choosing a system may still seem a difficult problem. So many systems exist, so many of them are still in an early development stage—with little more than large promises to back them.

There is one system, however, which is rapidly becoming a world switching favourite—AXE, from Ericsson. A system so powerful, elegant and flexible that it has changed the perspective of most manufacturers and telephone administrations in the world. Today it is obvious that basic AXE features like functional modularity, software security and handling-cost minimisation are being recognised as fundamental requirements on modern switching systems.

Unparalleled success

In the short time since it was introduced, AXE has met with a success unparalleled in the history of telephony. More than three hundred exchanges with a total of more than three million lines have been contracted for 27 countries. In 18 of these countries, AXE exchanges are already actually in service.

Local production is established in six countries, and under way in a further seven—another measure of the successful development of AXE into a fully operational, manageable system, with comprehensive documentation and extensive support.

Towards the future

Such astounding success does not mean that the development of AXE is over and done with. On the contrary—it brings with it an obligation to protect the investments of our customers.

This protection is accomplished by a continuous development plan and a steady flow of added features and functions. The unique functional modularity of AXE means there is no end or limit to this process.

In fact, the uniquely effective AXE system structure allows for future advances in both component and system technologies.

A powerful digital group switch, for example, was incorporated in AXE almost from the beginning. Now, recent advances in component technology allow us to offer digital subscriber stages as well, completing the first major step in the long-term development plan of AXE.

Why not choose the best?

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Sir Kenneth Corfield Senior Officer ITT United Kingdom is Chairman and Chief Executive of its subsidiary Standard Telephones and Cables (STC), which employs 2,000 in electronics and telecommunications in Northern Ireland.

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His message is clear, for small companies as well as large.

The business environment in Northern Ireland is technologically orientated. Its people work hard and their productivity is high. Its infrastructure is well developed. It has a reliable telecommunications system.

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NORTHERN IRELAND

COMMUNICATIONS TECHNOLOGY

Personal Computers Are Altering Daily Life Around the World

(Continued from Page 75)
with the machines in understandable terms. Instructions for the user appear on the television screen in English or logical contractions of English.
The versatility of the computers is provided by its software programs — the instructions that tell the computer what to do. For example, a computer can be pro-

grammed to perform word-related tasks such as letter writing, text editing, and list maintenance. By simply changing programs, the same machine becomes expert in performing such number-related jobs as financial analysis, planning, forecasting, and long and difficult calculations.

The last decade's advances in semiconductor technology have made personal computers feasible and affordable. However, it is easy-to-use software that has made these computers useful and popular and now contributes significantly to the growth of the personal computer market.

Creating software for personal computers has led to the birth of an entirely new industry — software publishing. Software publishers sell programs on magnetic disks and cassette tapes that contain the instructions that tell computers what to do and how. The software publishers behave

much like traditional book publishers. They do not usually write programs — they edit promising programs written by others. The "editors" are a staff of professional programmers who evaluate and improve work submitted to them by program authors.

Stepping Up Power
Because of the growing demand for more sophisticated applications, some software companies are stepping up from simple Basic to adapt more powerful computer program languages to personal computers. SoftTech, Inc., of San Diego, Calif., is marketing Pascal, a language widely used in education, for use on personal computers. Micro Focus Ltd. of London has converted Cobol, a powerful business language, to the small machines. Both of these languages were available until recently only on much larger and more costly machines.

— JOHN F. KANE

Too many people take telex service for granted.

For telex service to the U.S.A. that can't be beat...it's RCA Globcom.

Telex across the oceans has been in existence since RCA first pioneered the service overseas. Today, telex service to the U.S.A. is offered by the telex administration of your country in conjunction with various American communications carriers... and many countries think all telex service and carriers are the same. Well, they're not.

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FREE DIRECTORY We'll send you free of charge the 1981 RCA Telex Directory. It provides a complete listing of RCA telex subscribers in the Continental United States, Hawaii, Dominican Republic, Guam and Puerto Rico plus useful information about the full range of our telecommunications services.

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RCA Global Communications

Taking the Tests to the Consumer

SOME 2,000 volunteers are currently trying out a videotex system in their homes that could change the future for them — and for the rest of France.

Instead of spending hours on the phone or running all over Paris to find information on what concerts are playing, where to go on a package tour, or even just to read the newspaper, the volunteers are saving their precious time by just sitting at home and consulting service pages on the videotex machine hooked up to their home phones.

Called Teletex by because of the three areas it serves (Teletel; Versatiles; and the Val de Bièvre), the experiment began in 1978 when the French General Direction of Telecommunications gave the green light for go-ahead work on technical specifications, prospecting of companies wishing to participate in the experiment, and user studies.

On June 15 of this year, the phones of 2,000 of the volunteers selected (the total being 2,500) were hooked up either to Standalone video terminals with a black and white screen manufactured by Matra and Thomson for those users not having a TV or a basic terminal for those volunteers using their own TV set, manufactured by Philips (Radiotechnique TRT).

Ninety-five percent of the users are hooked up to the local data bank center in Velizy and their communications go directly through on the phone line. The remaining five percent of the calls are transferred by Transpac from the data bank in Velizy to distant private centers. In this system the user can have a dialogue with the person on the other end, whether it be his bank, the SNCF,

or a department store. "Very rapidly," said a spokesman at the Velizy Teletel Center, "such as transferring money from one bank account to another or actually paying for an order at a mail order house with a magnetic teletyping card can be carried out."

For the moment approximately 100 companies and 40 government agencies ranging from the Club Med to Japan Air Lines are participating in the experiment. Volunteers, who make up a representative sample of the population, can consult programs varying between 12 and 100 pages, depending on the size of the company. A daily newspaper called JEF (Journal Electronique Français) is put out daily by six journalists from the "Comité Technique Interprofessionnel de la recherche pour la Presse." The paper covers everything from politics in France and abroad to cultural events and a daily horoscope and race track results.

One other feature of the videotex system is the electronic mail bag that allows one user to send a message to another subscriber as well as consult messages he may have received.

During the experiment, users are paying 50 centimes for each phone call and another 50 centimes for every five minutes they use the line. In an effort to encourage government agencies and private firms to participate in the experiment, the French Telecom is allowing them to use the data bank in Velizy until the end of the project.

The commercial launching of the system "depends entirely on the results of the experiment," according to a PTT spokesman who added that in any case teletel will first be installed in government agencies and private firms and only later in private homes.

— HARRIET WELTY ROCHEFORT

In Europe, the Video Boom Is On

LONDON — Enthusiasm ran high at London's first video and tape conference at the National Film Theater last spring. Industry figures from 22 countries gathered amid an atmosphere of pandemonium and chaos. But it was clear that they were onto a winner: A boom has reached video.

Market figures had been soaring wildly. The Japanese company, JVC, is said to have increased profits by 80 percent in the boom. Video, said another source, is the fastest-growing consumer electronics market in Europe.

This month, video fever descends on Cannes, with over 6,000 people arriving for Videom, the exhibition that is to video what the

Cannes Film Festival is to film: Although video is but one in the cluster of new technologies now offered, it has rocked to gill-edged status. Cannes circuits are filled with rags-to-riches stories of strong-nerved prospectors who have accumulated untold profits overnight.

Success Story

One story concerns Roy Featherstone, an MCA Records executive, who last December was sent out with a minuscule backup staff to corner part of Britain's fast-moving software market. After nine months, he picked up 27 percent of the market from major and minor rivals and is anticipating Europe and world markets next. "We just set up in Germany and we think Scandinavia will take off as an annual 80 percent for the next three or four years. The market has escalated beyond anyone's expectations," said Mr. Featherstone, now president of the newly-formed CIC Video International.

Like Mr. Featherstone, most European businessmen have set their sights on the pre-recorded or software industry. For others, the lucrative infant hardware game is already over, won by the Japanese on a roughly \$1.2-billion investment.

Production

Japan products well over 90 percent of the world's recorders to the dismay of Philips, the European electronic company that launched the first consumer model in 1972. It was an amazing lead and one that industry observers believe Philips and partner Grundig cannot regain. The combined total of their European factories can provide no more than 10 percent of 1982's expected production capacity.

The world's demand for video has even surprised the Japanese, who have been doubling their output each year to meet the high export demand. This year's production reaches 8.4 million units, compared with 4.4 million in 1980 and 2.2 million in 1979. For both Mar-

sushita and Sony, who lead less than a dozen Japanese companies producing the goods, video recorder have become the largest single sales unit. In the first half of last year, they brought Matsushita 18 1/2 percent of its sales revenue and accounted for 26.6 percent for Sony.

This year, most of the industry's production is ending up in the export market, with 17.8 percent going to Asia, 30 percent to the United States, and 42.1 percent to Europe. Japan's domestic market is huge and the combined U.S.-Japanese market remains the industry's largest. But the sales explosion is in Europe.

To remain competitive, Japan has started to negotiate with European manufacturers.

Joint Venture

JVC's recent joint venture with Thorn-EMI, Thomson-Brandt and Telefunken radically changes the European production scene. Until now, Vienna and West Germany were the only places where video recorders were manufactured, thanks to the efforts of Philips and Grundig, soon to be followed by Britain and France.

To everyone's surprise, Britain has been the most eager to accept video. It has the fastest take-up rate of any country and the fastest take-off of any British consumer electronic boom. Forecasts indicate that 1.35-million units will be in British homes by Christmas as compared with 275,000 in 1980 and 107,000 in 1979. It has bypassed refrigerators, freezers and must centers in the league table here for electronic consumer goods. It's now overtaking radios in sales.

The British corporate sector has joined the video trend, with companies investing heavily in new equipment and software. Last summer, National Westminster Bank announced its decision to move into corporate video with a budget of more than \$2 million for the first two years.

The new technology has introduced profitable markets for small

companies that make corporate and other audiovisual products, nearly 400 in Britain recently. Other young companies hire out hardware or sell technical services such as computer editing.

New Businesses

With 1981 software turnover here estimated at about \$50 million, it's not surprising that, almost daily, another publishing or film company, newspaper, broadcasting empire or small production outfit or well-known media personality is opening a business and announcing new pre-recorded titles.

Thorn-EMI, for example, with its \$35-million Video Program division that opened last March, is marketing movies and TV shows. BBC Video, starting in July, already offers some 20 tapes on subjects ranging from gardening to the Edinburgh Tattoo and home haking. A small production company, Catalyst, puts out a magazine compilation on an otherwise blank cassette, providing what it calls "watch and wipe" video programs.

Although the exploding pre-recorded industry may yield the biggest bonanza, in Britain where artistic and technical talent is abundant, the advisory business is also booming. Media consultants, staffed by a mix of former government ministers, out-of-work film directors, advertising whiz-kids and electronic wizards are sprouting up to offer businessmen advice on anything from 1/4-inch tape to industrial relations by means of video.

Then there are the estimated 5,000 video pirates in London who flood the market with illegitimately recorded tapes of feature films and porn. "Britain is the world center of the video piracy industry," says Brian Norris, London-based lawyer of the Motion Picture Export Association of America. He points out that nearly every West End film is available on a pirated video within three weeks of its opening.

— ISABEL BASS

Arabsat
Aerospatiale
prime contractor
First and only European satellite exporter

The Arab Satellite Communications Organization has selected AEROSPATIALE (France) to develop the satellites for its regional telecommunications network.

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AEROSPATIALE and its partners have designed this spacecraft to be easily adaptable to a wide variety of domestic and regional missions for today's market.

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Arabsat

Arabsat Searching for a Launcher

By Robert Bailey

AFTER SEVERAL years of indecision, an order was finally placed, in May, by the Arab Space Communications Organization (Arabsat) for three medium-sized three-axis stabilization satellites.

The \$130-million contract that has gone to Aerospatiale of France, in association with Ford Aerospace and Communications Organization, is significant less for its value in monetary terms than the political and social implications of that all-too-rare commodity in the Middle East referred to as cooperation.

The scheme has been discussed since the early 1970s. In April, 1976, an agreement was signed by the communications ministers of the Arab League states to establish a regional satellite system. Originally, the target was to put an Arab satellite into orbit by early last year. Contractual wrangles that eventually led to a demand for a re-tender, as much as political procrastination, has led to delays.

The end of 1983, or early 1984, now seems the most optimistic target date for the project to get off the ground. While the communications hardware is under construction a launcher has yet to be selected. Options are held on both the European Space Agency Ariane rocket and the U.S. National Aeronautics and Space Agency shuttle craft.

Arabsat plans to have two satellites in orbit and the third as a spare on the ground. Those in orbit will provide 8,000 telephone circuits and six television channels. "There will also be a pan-Arab channel and a community channel which can be received by low-cost ground stations," said the Arabsat director-general, Ali al-Mashat.

Exactly how the project will evolve remains to be seen. Arabsat headquarters is in Riyadh, Saudi Arabia. The latter country, Arabiastab, has the largest shareholding (26.6 percent) with Libya and the Gulf States having most of the other shares.

Further Improvement

Further substantial telecommunications improvement on a regional basis will occur as the result of collaborative plans to be undertaken through the International Telecommunications Union and

the Arab States Broadcasting Union. A master plan to set up a telecommunications network for the Middle East and Mediterranean basin was approved by 28 sponsoring governments in September, 1978. They included the 21 Arab League members: Algeria, Bahrain, Djibouti, Egypt (now suspended), Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the U.A.E., and North and South Yemen.

The other signatories to the plan include six non-Arab Mediterranean countries: Bulgaria, Cyprus, Greece, Malta, Turkey and Yugoslavia, and one non-Arab African country, Ethiopia.

The plan focuses on creating and improving land, satellite and submarine cable links among the 28 countries involved. It covers public telecommunications services and calls for an additional 30-million telephone lines and 300,000 telex lines by 1990 as well as radio and television broadcasting to be increased.

Costs
The ITU estimates that spending, on the purely international part of the network that accounts for only 10 percent of the total investment required, will amount to nearly \$3 billion up to 1990. Egypt, Iraq, Kuwait, Lebanon, Oman, Saudi Arabia and the U.A.E. have agreed to cover 35 percent to 40 percent of the master plan, with the UN Development Program contributing an additional 30 to 50 percent. The rest of the cost, it is expected, will be carried by the non-Arab Mediterranean states.

Implementation of the master plan began in 1979. So far, work on the latest phase of the project has consisted largely of feasibility studies, with an emphasis on strengthening communications in the Red Sea area. In 1980, ITU teams carried out surveys for Red Sea crossings from Safage in Egypt to Doha in Saudi Arabia by both microwave link-up between Aswan in Egypt and Halfa in the Sudan.

Experts from the ITU have helped plan the extension of the Saudi microwave network to Sanaa in North Yemen and prepare surveys on links between

Damascus, Amman and Medina by co-axial cable and between Jordan and Lebanon and Iraq and Turkey by microwave. The master plan for the region is subject to review and has been revised several times.

National Investment

While regional aspirations are undoubtedly very important, it is national investment programs that continue to draw most attention. Saudi Arabia leads the expenditure on telecommunications in the Arab World. So far some \$4 billion has been allocated to the kingdom's current program to install one million telephone lines.

The scale of contracts still to be won in Saudi Arabia is mouth-watering to international companies. Bids were opened in August this year for the contract to provide and install a coaxial cable link between Riyadh, Taif, Makkah, Hida, Medina and Tabuk. The estimated \$300-million job will supplement the microwave system put in as part of the backbone telecommunications link between Jidda and Dammam.

By 1983-84, L. M. Ericsson of Sweden and Phillips of the Netherlands will have completed the third extension to the original Telecommunications Expansion Project contract awarded to the two companies in 1977. The extension will provide 200,000 telephone lines bringing the nationwide total to 1.2 million. There is speculation that there could be an open tender for a further 300,000 lines.

While distances involved and the scope of improvements places Saudi Arabia in a special category, probably the most dramatic telecommunications developments have taken place in Gulf states like Bahrain. There, all the modern conveniences of the industrial world are available including a mobile automatic telephone system and wide-band international circuits. The exciting possibilities arising from modern technology make it certain that no country wishing to develop can avoid what is undoubtedly expensive investment in telecommunications.

Robert Bailey is a British journalist specializing in Middle Eastern affairs and is an editor at the Middle East Economic Digest.

Japan 10/15/80

COMMUNICATIONS TECHNOLOGY

Asians Look at European Industry

Coordinating Word, Data, Audio and Visual

By Craig Justice

BRUSSELS — In 1945, a brainy 25-year-old Chinese student journeyed to America for graduate work at Harvard University. After the Communists emerged victorious from the civil war in his native land, he decided not to return. It was to be China's loss, for within a couple of years he had developed magnetic core memory, the device used for storing computer data. International Business Machines bought the patent for \$500,000. The young inventor took the money and in 1950 founded a research laboratory, giving it his name: Wang.

Thirty-one years later, the Massachusetts-based Wang Laboratories Inc., which employs 13,000 people worldwide, has become a tough competitor for IBM (not to mention Xerox and International Telephone and Telegraph) in the field of small computers and office automation, thanks to the foresight of "the doctor" — as An Wang is called.

rate ranging from 40 percent to 60 percent, and revenue this fiscal year will exceed \$1 billion for the first time.

Wang is the leading producer of screen-based word-processing systems — combination typewriter and television-screen devices used for composing and writing manuscripts or letters.

In the data-processing market, Wang is in second place behind IBM in small business computers, priced at \$25,000 or less.

Wang is among the leaders in developing and implementing the latest telecommunications technology. Among the most innovative of these developments, announced earlier this year, is "Wangnet," an integrated information system that will coordinate the technologies of word, data, visual and audio processing within and between offices.

First Stage

The first stage in the implementation of Wangnet will be "local networking," which will allow Wang equipment to work with other Wang equipment in the same building through connection to a single coaxial cable — containing at least three bands — capable of transmitting 64 kilobytes a second. This will be made available for purchase within the next year.

Secondly, Wang will introduce "remote networking," allowing Wang machines to work with other Wang machines in different locations. The final step will be to implement "Gateway," permitting Wang equipment to communicate

with non-Wang equipment in-house and beyond.

When the Wangnet becomes fully functional, it will provide capabilities such as video-conferences and "mailway," whereby a letter can be transmitted at speeds approaching that of light.

A major task for Wang is to implement the technology it has already developed. The telecommunications center in Brussels, opened on May 1, will serve this purpose. The ITRC evolved out of a smaller operation in Belgium with five people. Wang decided to upgrade this operation by investing \$1 million in the creation of a new center on the 12th floor of the Leopold Tower, using the former group of engineers as a nucleus. There are currently 15 researchers who work in three product lines: Virtual Storage Computers (VSC), Office Information Systems (OIS) and the Z200 computer group. There is also a group concerned with quality control. Plans call for expanding to a team of 30 within the next year, and once the center becomes fully operational its annual budget will be approximately \$1 million.

Software

The software work involves creating what Mr. Marchand called "rather sophisticated" protocols — such as the X25 — to ensure that data is transmitted without error, and to devise protocols whereby different computers in Europe can be linked and "speak" the same language. The ITRC will also be developing protocols to permit the

transmission of data over the new, high-speed Teletex network and Packet-Switching networks.

According to Jim Cox, director of international products, Wang is placing special emphasis on its European market, which accounts for 25 percent to 30 percent of sales. One of the company's major research efforts, Mr. Cox said, is in the Teletex system, which Wang hopes will replace the slower Telex system.

Obstacles

There are obstacles to introducing Teletex in the United States, he said, because the telephone network there is a good system, whereas "in Europe the costs are prohibitively expensive, or connections slow in coming." Although the unit costs of Teletex are higher than Telex or a dial-line, Mr. Cox predicted that there "will be a major change in European [post and telecommunications] tariffs, encouraging or forcing companies into Teletex. We are seeing it in Germany now, and will see it in the future in other European countries." He said that he foresaw similar developments in Australia, Canada and Japan.

Wang machines are capable of transmitting text in almost every language, including French, Chinese and Arabic. As for total machine translation, Mr. Cox said, "We haven't gotten as far as that — but we're working on it."

Long-term forecasting in telecommunications is nearly impossible. Dirk Anpoorter, who



Jim Cox

manages the company's branch in Brussels, said: "Everything is changing so fast that it is almost impossible to look five years ahead — even two years is difficult." Nevertheless, Wang has developed a Digital Voice Exchange (DVX) system, which will allow a user to telephone someone and "speak" to that person even if he is not there by using recordings. The system could also be programmed to telephone several people and give them the same message, at the push of a button. Mr. Marchand said, "It's so new, you can't sell it. People say, 'I have my secretary for that — why do I need this?' But two years from now, when we're able to market this, they'll want more."

Craig Justice is an American journalist based in Europe.

PARIS — "You could ride a bicycle through it" was the amused comment of Indonesian Doddy Herdianan as he toured the vast underground complex of the Tuileries Telephone Exchange in the heart of Paris.

Mr. Herdianan, of Indonesian State Telecommunications, was one of a group of 10 Asians who met with representatives from the French Post and Telecommunications as well as private manufacturers of telecommunications equipment during the first week of September. The group, composed of two representatives each from Malaysia, Indonesia, Thailand, the Philippines and Singapore, is finishing a 10-month International Telecommunications Union project on the standardization of signaling systems in telecommunications networks in the Association of Southeast Asian Nations region that has taken participants to Sweden, Belgium, West Germany and Japan.

Swedish ITU project coordinator Lennart Soderberg said: "France was not our highest priority on the list of countries to visit, but the idea was to go to those countries having equipment."

Problems in the ASEAN countries vary, depending on the setup of the telecommunications industry, the economic level of the country and the specific problems in supplying equipment. "Our reason for planning to standardize signaling is that local systems are not acceptable within countries. So we want compatibility within the countries for exchanging information on the signaling side," said Renato C. Gendrano of Philippines Long-Distance Telecommunications. "In the Philippines, one problem we have is that the equipment is imported, before from the U.S. and now from Germany. This means constraints in meeting the demand from suppliers."

Malaysian Omar Bin Ismail of Jabatan Telekom said: "For us, the problem is one of distribution because long cables have to be run from the cities to the outlying regions. In addition to this, we sometimes can't provide the necessary service because towns and buildings are springing up so quickly."

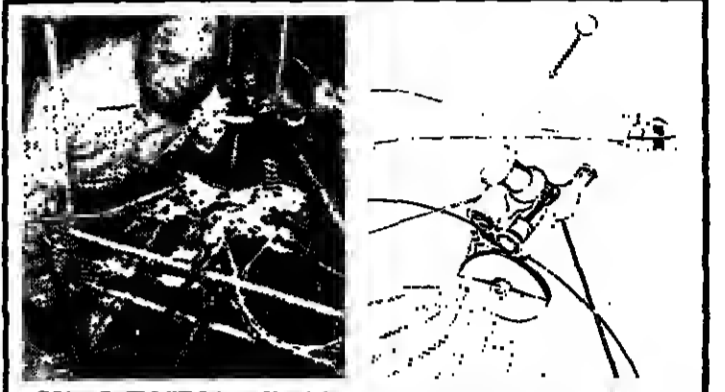
Many members of the group, all of whom were selected by the governments of their respective countries for the project, were surprised by the developments in telecommunications in France. Mr. Gendrano said that, while the French are not nearly as well-represented as the Japanese and the Americans in the Philippines, he considers French software sophisticated and is impressed by French telematics (videotexts, teletexts and so on). He noted, however, that French telephone equipment was not in great demand in Asian countries.

Will the Asians buy French? Most preferred not to reply, agreeing with Mr. Soderberg that "we are here just to collect ideas. Our conclusions will be made in relation to the technology available, and the manufacturers chosen may depend on the choice of the governments involved."

"The information we received in France will certainly help us to better consider the best solution to the problem of standardization of signaling," said Visudt Pongpapong of the Telephone Organization of Thailand.

The fact-finding mission was organized by the Agency for Technical, Industrial and Economic Cooperation, a French organization that promotes industrial exchanges.

—H.W. ROCHEFORT



SOLAR ENGINE — Physicist Arlon Hunt of the University of California's Lawrence Berkeley Laboratory tests the solar-absorbing power of smoke. Acting as a "black gas," carbon particles can instantly absorb sunlight, heat up and expand the surrounding air and drive an engine, such as the one in the sketch at right. The two-cycle piston engine, shown here in rural use, will employ a single-chip microprocessor to track the sun and adjust engine speed.

Philips Telecommunications specialise in project realisation, network design, public telecommunication networks, analogue and digital telephone exchanges, coaxial line and optical fibre transmission systems, satellite earth stations, HF, VHF, UHF and microwave radio, mobile radio, telex-via-radio, intelligent telex and telephone terminals, word processors, facsimile, viewdata, teletext, data input/output terminals, PABX's, integrated business communication networks, private communication networks, customer staff training, after sales service (and sometimes very, very long headlines).

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COMMUNICATIONS TECHNOLOGY

Singapore: Showcase for Telecommunications Projects

(Continued from Page 7S) many manufacturers can't meet them," said a senior executive at Munich-based Siemens, an active bidder for Singapore contracts. Georges Krebs, an engineer with France Telecom, which promotes French products in Southeast Asia, said, "Singapore is demanding the most advanced techniques and testing the latest services to the degree that it's become a veritable research and development laboratory."

The government is continuing to modernize its telecommunications network and has earmarked a capital expenditure of Sing\$2.7 billion during the next five years. The funds will be used to introduce services that include teleconferences, television (an interactive system for disseminating and retrieving computer-based information using the existing public switching network for communication and the home television set for display), electronic mail and a multi-access travel reservation system providing travel agents with direct access to reservation computers of numerous airlines.

In the recently published annual report of the Telecommunications Authority of Singapore

(Telecoms), Chairman Frank Y.C. Yung said that Singapore had set the goal "of bringing about a total telecommunications network by the end of the decade — an integrated services digital network (ISDN) capable of handling voice, data and video traffic. The Telecoms report predicted that the ISDN will "be the launchpad upon which Singaporeans can take off into an age of instant information."

A number of important contracts pertaining to this network, which involves the commissioning of a fully computerized telephone system with an initial capacity of 1.2 million lines by late 1983, are expected to be awarded during the next six months. Most international telecommunications companies have bid to supply: 320,000 lines of stored program control electronic switching equipment with an option for a further 200,000 lines; 1,000 pulse code modulation transmission systems with an option for an additional 500 units; equipment to field test the television network during 1982-83; and 400,000 push-button telephone sets with an option for an additional 200,000 units. Tenders are being drawn up for teletex, telex and fiber optic equipment.

"All of these developments lead to the marriage of computer and telecommunications on a professional and residential level," said Sung Sio Ma, director of corporate planning for Telecoms. "To be a competitive international business center, we require a full range of electronic services as quickly as possible."

Singapore's thrust toward the instant information age is one that, according to Sung Sio Ma, will optimize existing resources to obtain low service costs available to all subscribers.

Telecoms began its modernization efforts in the mid-1970s when it began actively improving the basic telephone service. It established a reputation as a pioneer in the field in early 1977 when it installed a 4.2-kilometer fiber optic link, and in 1979 the authority formulated a long-term strategy to meet future requirements.

Today Singapore, a country of 2.4 million people, has 719,817 telephones — supplying 30 percent of the population, against 11.6 percent in 1974. Gross revenue for international telex and telephone traffic currently exceeds Sing\$1 million a day and all new telephone subscribers now receive push-button sets. Next year,

Telecoms will merge with the postal service to facilitate the introduction of electronic mail.

"Our requirements often involve modifications of off-the-shelf equipment offered by the manufacturers," Sung Sio Ma said, citing geographical constraints that make Singapore an atypical market. "We are an interesting client because we experiment with new systems and are flexible and small enough to quickly implement them."

Singapore prides itself on being an open market for telecommunications suppliers, but Japanese firms have traditionally obtained a major share of the business. The authority's current policy is to work with different foreign industry leaders and jointly develop systems, products and services. Although Telecoms has a reputation for demanding the latest equipment at very low prices, the government contends that this attitude is changing.

"Because our demands are now so technically advanced, we realize we must share development costs with our future partners," said Pek Hock Thiam, director of the telecommunications division at the Ministry of Communications. "We are willing to help pay to develop

services which fit our specific needs."

An example of this attitude is an agreement between Telecoms and EB Communications of Norway that will result in the introduction of a number of integrated services this year and next. These include equipment for automatic remote reading of public utility meters (telemetering), remote fire and security surveillance (tele-alarm), and remote control of electrical appliances and processes (telecontrol).

One future project that will involve similar cooperation is the development of the television network, which will also include an electronic telephone directory service.

Television and other systems developed for the Singapore telecommunications network may have applications in other countries. But even if they are confined to Singapore most telecommunications companies will compete for the contracts. "Much of what Singapore wants will undoubtedly be the telecommunications network of the future," a Brussels-based telecommunications executive said.

—JOEL STRATTE-MCCLURE

Europe Trailing in Competition

(Continued from Page 7S)

technology required to make Europe competitive; create data banks competitive in world market establish a multipurpose data network linking industries and capitals in member countries; and coordinate the work of organizations concerned with telecommunications.

But despite these efforts Europe is entrenched in a tradition that puts numerous roadblocks in the way of common sense. The government-controlled Posts, Telephone and Telegraph Administrations (PTTs) are both a blessing and a bane. PTTs provide determined and quickly implemented national programs, nationwide product specifications and standards, protection for domestic manufacturers and the much-needed infusion of capital for large projects. But this type of protectionism, lack of competition and guaranteed markets stifle the establishment of a competitive pan-European industry.

European executives readily voice approval for a restructuring of the European industry that would create a competitive atmosphere and lead to shared

research and development costs, streamlined production facilities and joint commercial ventures. But what they say and hope is distant from present and foreseeable reality. A sampling of opinion:

"To be strong internationally we must move away from national markets and have more competition within Europe," says Klaus Luft, vice chairman of marketing at Nixdorf, the German data processing company.

Gerritt Jeelof, a member of the Philips board of management in the Netherlands, contends that "nationalistic tendencies restrict technological advances and the market size to the detriment of everyone involved."

The list of persons in favor of strengthening pan-European industries also involves American and government officials in different countries.

"The Europeans originally created these national barriers to protect themselves," says Cyril Yansouni, general manager of Hewlett Packard's Grenoble facilities. "But captive markets have failed to encourage exports." Jonathan Salomon

at the Department of Industry in London, which is overseeing the gradual deregulation of the British telecommunications industry, says that "British companies had an easy time under the umbrella of a government monopoly and were not competitive enough on export markets."

Despite these criticisms and suggestions most attempts to create a European "approach" or open European markets have been frustrating and frustrated. EEC initiatives did lead to the creation of a pan-European data communications network, Euro-net, and there is a substantial collaborative effort in the area of satellite communications under the auspices of the European Space Agency — though many countries are now opting for a national or bilateral rather than European approach. But an attempt to create a European computer company (Unidata) between French Dutch and German interests failed as did an effort to develop a Franco-English digital switching exchange.

Consequently, the outlook is still rather gloomy.

—JOHN F. KANE

World Battle for High Tech Leadership

(Continued from Page 7S)

nations assume leadership roles in the next century. Japan's strategy has been to use

its domestic market power as a springboard into the international marketplace. This is abetted by the Japanese system of *keiretsu*, which is a formal conglomerate industrial grouping of companies arranged around a single large bank or industrial firm. Japan's six largest semiconductor companies, which control about 80 percent of the domestic market, are members of *keiretsu*.

The *keiretsu* structure results in three important advantages for Japanese electronics firms. It gives them an important internal market for products, it generally includes an international trading company which performs overseas sales, distribution and financing, and it provides easy access to low cost capital for continued expansion.

Unlike the U.S., where semiconductor is the main business of most major suppliers, semiconductor represents a relatively small portion of the income generated by Japanese chip makers. The result is that these companies have ready-made, internal markets for much of their production.

NEC, which at 17.8 percent has the largest percentage of semiconductor sales, also is Japan's leading communications equipment producer. Fujitsu is Japan's largest computer maker. Hitachi is the country's largest diversified electronics systems producer. Toshiba is a conglomerate producing heavy electrical equipment, instrumentation and appliances. Mitsubishi is the largest manufacturer of small business computers. Matsushita is the country's largest consumer electronics and home appliance maker. All six are multibillion companies, with 1979 sales ranging from Fujitsu's \$1.8 billion to Hitachi's \$10.7 billion.

Semiconductor Sales
By contrast, most U.S. semiconductor manufacturers rely on semiconductor products for the vast majority of their sales. Mostek, AMD, Fairchild, National and Intel all derive more than 50 percent of their sales from semiconductor devices.

Japan, a highly industrialized nation with more than 110 million people crammed into a small land area, is the world's second largest market for semiconductor devices. The dominance of the major semiconductor companies enable them to exert strong influence over the direction of growth of the market. By altering the domestic composition of their products and demand, these firms can also control the share and composition of imports entering their domestic market.

Thus, domestic marketing power translates into an ability to affect the pattern of international trade in semiconductors and semiconductor-based products. Japan, Inc., has the chip-making capacity, the organization, and the marketing to be a major challenger in the struggle for international supremacy in high technology products.

—JOHN F. KANE

Leaders of major U.S. semiconductor companies are concerned yet confident as they survey the international scene. In fact, several of the most courageous welcome the challenge.

"If the Japanese hadn't existed, the semiconductor industry should have invented them," said John R. Wely, senior vice president and general manager, semiconductor for Motorola.

"The Japanese are going to make us a stronger and much more competitive industry than we have been. They have established new standards of performance in product quality, delivery and integrity of commitment. We are beginning to rise to these challenges, and as a result we are going to be much stronger in the future than we are today."

Pointing to the anticipated semiconductor growth rates of 25 percent in 1982, and 27 percent in 1983, Mr. Wely said "there is going to be enough business for everybody, including the Japanese."

View From Intel

Andrew S. Grove, president of Intel Corp., sees the current uneasiness among some sectors of the U.S. business community over the Japanese challenge as unwarranted. He rates the competition as merely another in a series of assaults on the world's largest market.

He said the U.S. has successfully beaten back the earlier challenges of price, production capacity and "the PR campaign that had many of us believing Japanese products were superior in quality to ours."

This "mystique of Japanese superiority" still lingers in some circles even though U.S. manufacturers have met the challenge of product quality and reliability, he said. Wely, Gary W. J. (Jerry) Sanders, chairman, Advanced Micro Devices, Inc., agrees on the single most important reason the U.S. will overcome the latest overseas threat.

"The answer is more innovation," Mr. Sanders said. "The entrepreneur, the individual contributor, the inspired performer, provides the environment for the entrepreneur to innovate and to be rewarded for those efforts, we will continue to get inspired performance."

The U.S. semiconductor makers are at the hub of the fourth largest industry in the world, the \$100-billion-a-year electronics industry. This includes the \$10-billion semiconductor business, the \$40-billion information processing industry and the other multibillion industries that supply semiconductor manufacturers and use semiconductor products.

The stakes are high, not only in monetary terms but in the leverage that will come with achieving a dominant role in these strategically important industries.

Nixdorf: the 85,000 Computer Network.

All over the world, Nixdorf is putting computer power in the hands of all kinds of people — people who need to originate data; people who need to process data; people who need up-to-date information rapidly. In fact, the concept of bringing computers to people right where they work was pioneered by Nixdorf.

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Nixdorf computers also "talk" to each other, and to other computer systems, so

growing companies can have a problem-solving communications network to build on.

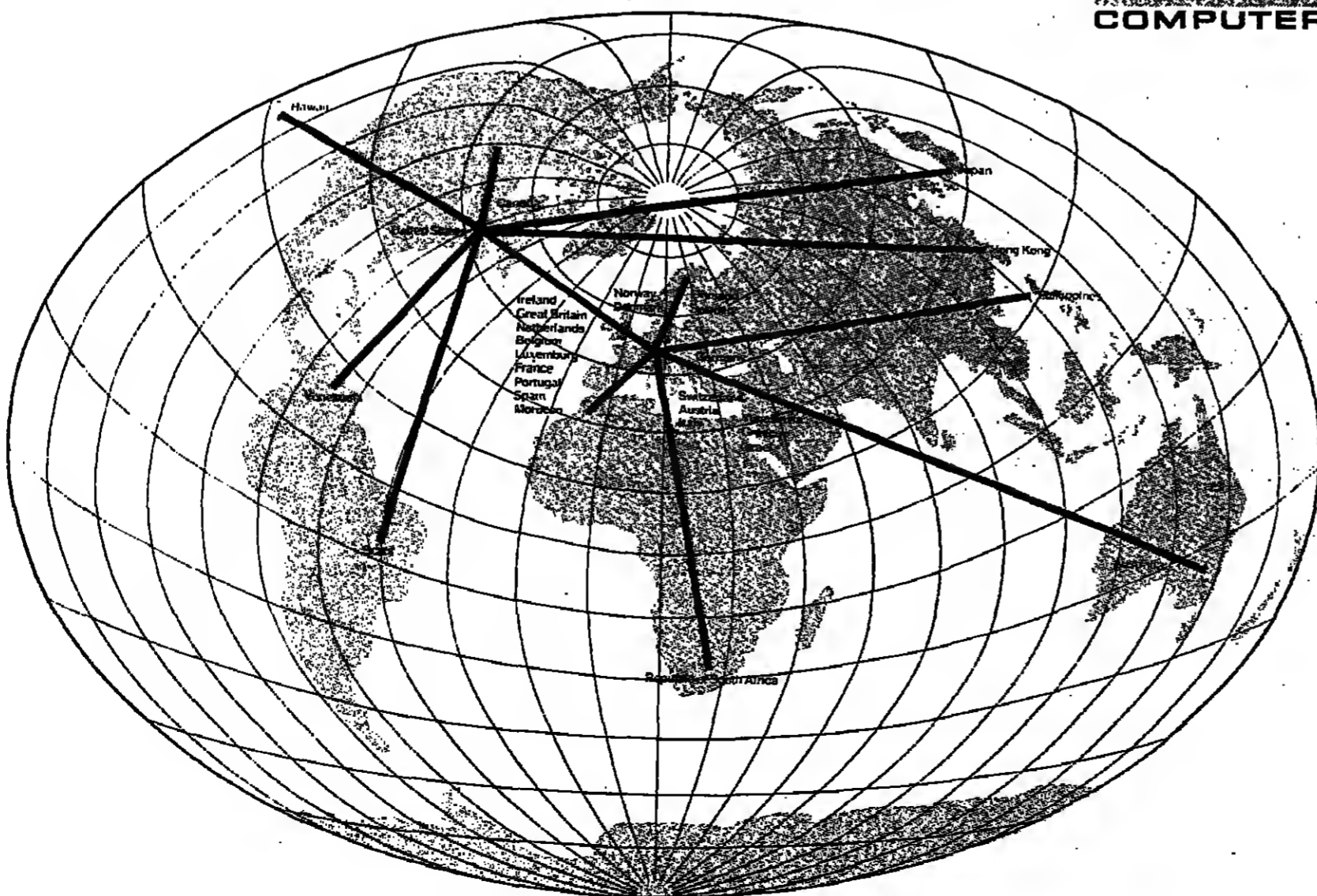
Nixdorf combines the most advanced technology and application know-how with a long-proven record in engineering and manufacturing to produce computer systems unmatched throughout the world. Our customers find this blend of experience increases their competitive edge.

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people in companies, small, medium and large; in manufacturing and distribution; in banks and insurance companies — wherever computers can help.

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Pan-European Television: Stakes and Skepticism High

Special to the IHT

LONDON — The British telecommunications world is in a state of flux. Britain's current television system, consisting of two television channels and one commercial BBC channels and one commercial network, has been drastically changed. A new channel has been authorized by the government to start broadcasting next year and early morning broadcasting, the commercial service under David Frost and former U.K. Ambassador Peter Jay will start in 1983 with an additional BBC service predicted.

Pay TV was recently adopted, after a decade of campaigning by companies here, for a two-year test under strict control of the Home Office. Subscribers, in selected communities with existing cable networks, have been offered an extra channel for about £3 a month. Although unable to do much here, Britain's pioneer cable operators regard themselves as among Europe's first.

Satellite television personnel, who won government approval last May but no cash, recently set up the first commercial English language satellite station. This fall they hope to beam some programs into European homes and try for a part of the estimated £2-billion advertising revenue expected to be generated by a pan-European TV market.

Such enthusiasm meets with

skepticism from various observers, who note that the British paternalistic broadcasting approach is too deeply entrenched to permit satellite programs from eventually coming under the control of established broadcasting organizations. That means that private finance would end up supporting the huge capital costs of satellite set-up operations and receive only rental revenues.

These recent happenings involve the entire telecommunications industry and are being scrutinized by more than one European country. The British Telecommunications Act, effective Oct. 1, breaks up the state-owned telephone monopoly and services here.

Mercury Network
Already under way is an independent commercial inter-city office-to-office telecommunications network, optical fibers being laid on the tracks of British Rail, the nationalized industry. The Mercury network, as it has been aptly named, was formed by Barclay's Merchant Bank, British Petroleum and Cable and Wireless, and has the government's approval.

The hope here is that services like Mercury can lure continental PTTs into linkups. That means cross border trade for private sectors here. It would help Europe compete with the United States and Japan in office-of-the-future technology and services.

Technology

Agriculture May Have Started in Egypt

By Frederick M. Winship

NEW YORK — Evidence is mounting that the birth of agriculture took place in Africa 8,000 years before plants were domesticated in Mesopotamia, which has long been regarded as the cradle of civilization, according to recent archaeological studies in Egypt.

Fred Wendorf, professor of prehistory at Southern Methodist University in Dallas, said a large number of grains and spikelets of barley were recovered from two arid sites at Wadi Kubbania along the Nile near Aswan in southern Egypt on an expedition early this year.

The grain was preserved because it was charred, possibly in cooking, Wendorf said. The radiocarbon dates for the sites range from 17,000 to 18,300 years ago, placing them in the Late Paleolithic period.

Grains, Animals

The Wadi Kubbania sites and four others nearby are far outside the known range of wild barley and wheat, and it is doubtful that such cereals could have grown in the difficult habitat of a Nile wadi

without seasonal planting, which would indicate "human intervention," Wendorf said.

There has been widespread agreement among scientists for the past 30 years that the process of controlled food production began in southwest Asia after the end of the last glacial age about 9,000 years ago, with wheat and barley as the first domesticated grains. Domestication of animals is generally ascribed to the same area at about the same time.

"We still don't know if the barley found at Wadi Kubbania is wild or domestic, but we have found the floors of the shelters of these Kubbania people and charred grains coming from them," Wendorf said. "We have found harvesting equipment and grinding stones, so they apparently made flour. They had no pottery, but they may have had wooden containers to hold the flour."

He said grain probably was grown in the slopes and bottoms of dune basins after the recession of the annual Nile flood and harvested in the later winter or early spring. In addition to barley, the six sites have rendered up charred wheat grains, lentils, chickpeas and date seeds — evidence of "a broad

spectrum of humanly nurtured plants," Wendorf said. "What we are finding here is how the interaction of man and plants began and that it began much earlier than we thought, in Africa — not Asia."

"Scientists have always thought that population pressure or changes in environment led to domestication of plants and animals but we find no evidence of this at Wadi Kubbania. It has also been thought that new sources of energy such as cereals transform life into a more advanced society, but the Wadi Kubbania people went on hunting and fishing and living in small groups."

"None of our previous theories fit here, so there still is a lot to learn."

Pre-Dynastic Egypt

Wendorf pointed out that the rise of pre-dynastic culture in Egypt, characterized by the manufacture of pottery, did not occur until 12,000 years after the domestication experiments of the Wadi Kubbanians, a *Homo sapiens* people, similar to Cro-Magnon man, whose skeletal remains were first found in 1967. The sites of Wadi Kubbania may represent repeated or overlapping occupation over a period of 5,000 years.

Wendorf was one of the members of an expedition that dug at Wadi Kubbania from January through March under the joint sponsorship of Southern Methodist, the Polish Academy of Science and the Geological Survey of Egypt. He said he expects to return to the site for the same winter period for the next few years.

Other Late Paleolithic sites discovered in Egypt that contained stone artifacts indicating the harvesting of grain are at Wadi Tushka, near Abu Simbel and now under water; and Kom Ombo and Esna, north of Aswan, where sickle-like stone pieces with lustrous edges, indicating use in harvesting grain, were found. Wendorf reported on earlier excavations at the sites in the current issue of *Archaeology* magazine.

Lifestyles

Their Home Is Their Castle

By Kenneth Jautz

VIENNA — For nearly a thousand years, home is truly some people's castle.

They live in Schönbrunn castle, a 285-year-old former summer residence of the Hapsburg monarchy, with more than 1,200 rooms surrounded by sculptured gardens.

The 200 apartments that once sheltered court favorites or imperial soldiers now house families of federal employees.

"It's a good arrangement from all sides," said Wolfgang Wallner, the youthful overseer of the private apartments. "It makes upkeep easier and at the same time gives people a pleasant place to live."

The apartments are scattered about the main building and two wings, a building complex with 67,000 square meters (almost 17 acres) of floor space. Most are hidden in nooks and crannies no tourist ever sees.

Many are small two-room affairs of less than 90 square meters (about 100 square yards). Some have ceilings as low as 6 feet; others boast stately rooms about 14 feet high, with parquet floors. Best of all, rents are about half the average price in Vienna.

"It's not the savings that keeps people here," said Margareta Pawlik, a third-generation resident

of Hapsburg castle. "It's idyllic, that's the attraction."

Pawlik's grandfather lived in the Hofburg, the sprawling winter palace and governing complex in the center of Vienna. Her parents moved to Schönbrunn and she lives in a two-room apartment.

A cheerful white-haired woman, Pawlik took a visitor on her own tour of the castle's upper floors and a labyrinth of dimly lit back stairways. She marched through the wide and bare stone-floored hallways and the low-ceilinged section that once housed the Imperial Guard.

Occasionally she pointed through a doorway into the chandelied imperial rooms that are shown to tourists. "Just to show the contrast," she said.

"I'm one of those who thinks tourists are a nice part of living here," she said. "They're funny."

To qualify for a Schönbrunn apartment you have to work for the federal government and must be prepared to wait for years on a growing list.

"Usually an apartment here is free only when someone dies," Wallner said. Some apartments are passed from one generation to the next.

"We're like a small town here," said one resident. "There's a community feeling that is usually hard to find in a city."

The Paris Stage

Jean Anouilh Still Successfully Contemplating the World's Navel

By Thomas Quinn Curtiss

PARIS — Jean Anouilh at 71 remains the most popular French dramatist and the one whose works are most frequently performed abroad.

His new play, "Le Nômbri" (The Navel), which has just opened at the Théâtre de l'Atelier, is his 45th since he gave up writing advertising copy to write plays in 1932. Times have



Playwright Anouilh

changed greatly, but he has moved with them, chronicling the fads, imbecilities and hypocrisies of the world stage, where fashions alter while fundamental stupidity endures.

Few frauds or bluffers of the past four decades have escaped his slings and arrows, and in his latest satire he lets fly at a set of targets representative of today's absurdity. His observation is as keen as ever and his marksmanship is as deadly as of old. He plays no favorites and every character in his new comedy is recognizably human — in the very worst sense.

The centerpiece is an elderly, successful playwright, confined to his quarters by gout. He constantly disobeys his quack doctor's orders by reaching for cigarettes and the schnapps bottle as he sets to work on a new play and contemplates life, letters and the grim reaper. His meditations are interrupted by the clamor of his horrible family and associates.

His wife is a nagging shrew and his son and two daughters, financially dependent on papa, make incessant calls on his largesse, as does a cadging colleague. His young mistress is a would-be actress, trying to gain entry to the theater through his influence. She is a conniving bitch, but she has no talent.

Such is the exasperating situation of Anouilh's protagonist as he amusedly views those who

swarm around him, but he, too, has been drawn warts and all and is disclosed as a slyboots, angling, like everyone else, for the selfish chance.

He is played with magnificent gusto by Bernard Blier, limping about his atelier with bandaged foot, his plump neck emerging with turtle thrust from his billowing dressing gown, uttering sardonic witticisms and seeking to arrange his private affairs.

There are several brilliant performances in support: Erick Desmarez as the cuckolded son-in-law who takes his marital catastrophe with aristocratic disdain, Françoise Brion as the would-be widow and Christian Marin as the nuisance of an old acquaintance full of unwanted recollection of his youth and cash loans.

"Le Nômbri" is not, in the technical definition, a well-made play. It fidgets from near-drama to vaudeville farce. But it is a solid piece of work and a solid hit.

Hugh Leonard's Irish play, "Da," has been adapted into French as "Pa" by Georges Wilson, who has staged it to theatrical advantage at the Théâtre de l'Oeuvre. He has recruited a capable company for its interpretation and has preserved the wry humor and wistful whimsy of the original. Jacques Ripal is the mischievous phantom of the departed father — half elf, half

grumpy-grumps, whose foster soo resents and never can forget him. Pierre Arditi is the son who tries to focus the treacherous camera of memory on the past and solve its puzzle, while Dora Doll as the foster mother and Maurice Teynac as an uptight citizen fit neatly into the general scene of small-town Irish life a generation ago as Wilson has reproduced it.

The Parisian theater season is ringing up its curtains swiftly.

A set of success from the previous season have already been restored to the boards: Jacqueline Maillan in the Barillet-Grédy comedy "Potiche" at the Théâtre Antoine; Robert Hirsch as the mime of Sacha Guitry's "Deburau" at the Théâtre Edouard VII; Marc Camoletti's farce "On Dînera au Lit" at the Théâtre Michel; Suzanne Flon in Loleh Bellon's "Le Coeur sur la main" at the Studio des Champs-Elysées; Simone Valère and Jean Desailly in that veteran spoof of hair-raisers, "Arsenic and Old Lace," at the Madeleine; the droll, three-handed revue, "Exercices de style" by Raymond Queneau, which will continue at the Montparnasse until the New Year; and the reprise of Guitry's "Faisons un rêve" at the Athénée.

The Comédie-Française is to add new productions of Racine's "Andromaque," Labiche's "Le Voyage de M. Perrichon" and

Hugo's "Marie Tudor." It will also revive two plays of La Belle Époque: Henri Becque's "Les Corbeaux," a sociological satire of avaricious lawyers laying hands on the inheritance of a credulous family; and Georges Feydeau's "La Dame de Chez Maxim," a cartoon of 1890 gaiety, which Jean-Paul Rousille's direction will probably convert into a moral lesson. Furthermore, it is preparing a program that will pay tribute to the fruitful Joover-Giraudoux collaboration.

At the Comédie-Française's second house, the Odéon, Jean Gillibert's mounting of Euripides' "Medea" (which had its premiere at the Avignon festival in July) has opened the season and will be followed by Antoine Artaud's version of Shelley's "The Cenci" and "Yvonne, Princess de Boulogne" by the late Polish dramatist Witold Gombrowicz.

Antoine Vitez has been appointed manager of the Théâtre du Palais de Chaillot and announces that Goethe's "Faust" and Racine's "Britannicus" will be two of the productions he will stage. Philippe Adrien, a remarkably versatile comedian, will play Molière's "Monsieur de Pourceaugnac" and Machiavelli's "La Mandragola" at TEP, while Jean Marais, defying typesetting, is to be the grandfather Rockefeller in a revival of René de Obaldia's "Du vent dans les branches de Sassafras" at the Madeleine.

Dance

Sydney Company Tackles Jean Cocteau in 'Poppy' at Sadler's Wells

By Noel Goodwin

LONDON — Jean Cocteau, as poet and poseur, is the central figure in "Poppy," a two-act production by Graeme Murphy.

which opened the Sydney Dance Company's season at Sadler's Wells. The Australian modern dance troupe, which originated as the dance company of New South Wales in 1971, is on its first visit to Britain after appearing in Italy a year ago and in New York in May.

Since Murphy, now 30, became the company's director in 1976 it has been a showcase for young talents, and there are programs of shorter works here still to come. Murphy had short spells as a dancer with the Royal Ballet in London and with Felix Blaska in Grenoble before returning home, and the 19 other dancers now with him look to be versatile in classical and modern techniques — so far as "Poppy" lets this be seen.

For the dancing is only one element, and quite a limited one, in a mixture of mime and gymnastic movement, giant puppets and dummies, with various theatrical devices and some vocal contributions. All these go to make such a refracted view of Cocteau that the

"Impressions," as Murphy describes them, become a staged scrapbook that adds up to less than the sum of its parts.

Murphy plays Cocteau, growing up in the first half through his self-discovery among schoolboys in short pants, to his entry into the *beau monde*, his association with Diaghilev and the Ballets Russes and his grief at the death of Raymond Radiguet. Part Two finds him withdrawing from opium and surrounded by the figures from his "Orphée" and other works, some of them reproduced in rather blurry movie clips.

All this is embellished with music by another Australian, Carl

Vine, who ingeniously works in quotations from "Spectre de la rose" and "Le Sacre du printemps" in episodes that show multiple figures of Nijinsky dancing and rehearsing while Cocteau looks on. For the second part Vine switches from instrumental music to electronic synthesizer (a special skill of his) in a sound collage that is more effective in some scenes than in others.

It works well for Cocteau's handling among the boys from the "Livre Blanc," who wear French sailor hats and, except for a nautical collar or two, are otherwise quite naked; detail is dimmed by a front gauze. In choreographic terms the scene is the most attractive dancing. Another that works well is a ballroom employing the music-hall device of female dummies strapped to their partner's legs as they dance, until one turns out to be no dummy at all.

What weakened these and other effects was the lack of any personal view of Cocteau in the world

that surrounded him, or of any change in himself or in Murphy's standpoint as events came and went around him. I have long thought Cocteau one of the more tiresome figures in the French art and literature of his time, and particularly in the Diaghilev entourage, and there is nothing in "Poppy" to change my mind. The Sydney Dance Company is at Sadler's Wells through Oct. 10.

Rubens Sketch Taken From Villa in Italy

The Associated Press

VARESE, Italy — Burglars broke into a villa here overnight and stole nine paintings, three antique vases and a Rubens sketch of his painting "Rape of the Sabine Women," police reported Thursday.

Police said the villa, belonging to art collector Marisa Banfi, was unoccupied.



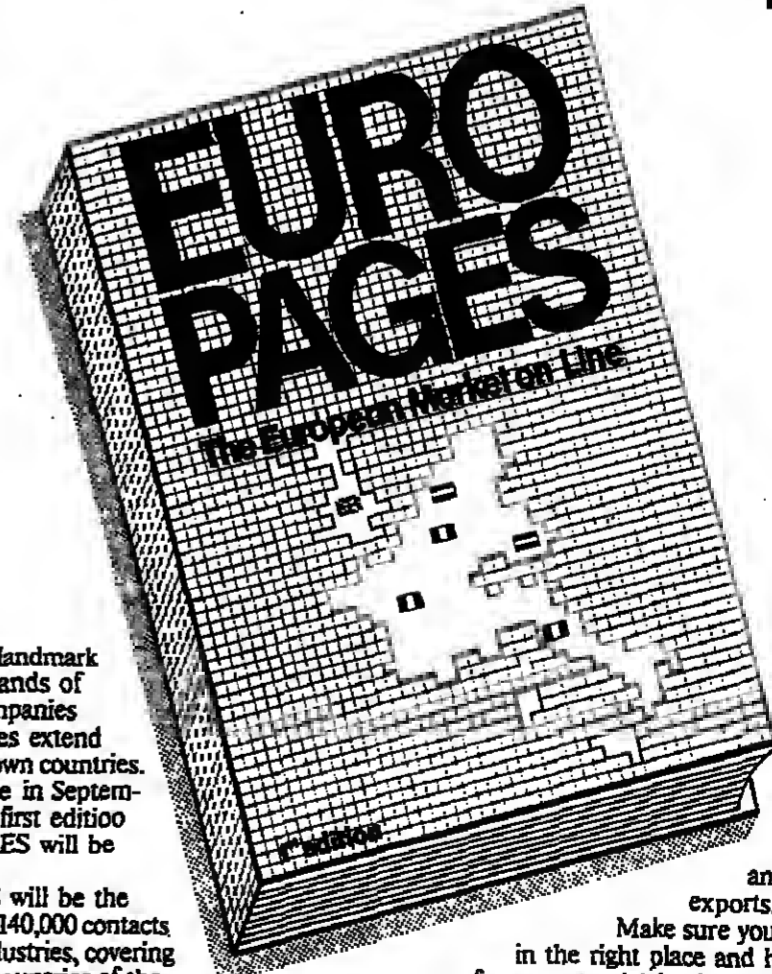
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IBM to Restructure Entire Operation in U.S.

From Agency Dispatches
ARMONK, N.Y. — Computer giant International Business Machines announced a corporate restructuring Thursday that analysts said was aimed at streamlining its marketing operations and preventing a loss of customers to its more nimble competitors.

IBM said that all U.S. marketing and service divisions will report now to a single group management and that its development and manufacturing divisions have been restructured into two groups.

John R. Opel, IBM president and chief executive, said the new marketing group organization is the first step toward the company's objective of offering its entire product line through individual marketing units.

IBM said it will combine in early 1982 the resources of its data processing, office products and general systems divisions in two new divisions and each will market its full product line to a specific set of customers.

3 New Groups
Mr. Opel said the new marketing structure will simplify the distribution of IBM's products.

He said this would enable the company to take greater advantage

of rapid changes in technology and to coordinate long-range plans "to provide more effective growth paths for customers."

IBM said the three new groups formed Thursday are information systems, information systems and technology, and information systems and communications.

The information systems group will be responsible for U.S. marketing and service operations and includes data processing, federal systems, general systems, information records, office products, customer service and field engineering divisions.

The change means a scrapping of IBM's traditional division-based sales approach, in which separate sales representatives from the data processing, general systems and office products units might all call on the same customer. Instead, IBM customers will be able to order a full range of IBM products, ranging from its large mainframe computers, to small desktop business computers from the same sales personnel.

"The customer has been demanding solutions to business problems that cut across IBM's divisional lines," said Howard Anderson, president of the Yankee Group, a computer and commu-

nications industry research concern. "IBM will now organize around those customer needs, not its own divisions."

Within the company, the change is expected to benefit personnel within the huge data processing division. The division produces the large, complex computers, known as mainframes, that are the cornerstone of IBM's business.

Because the large computers and their software are more difficult to master than those in the minicomputer and small business and home computer field, IBM's data processing people are expected to adjust to the reorganization most easily, Mr. Anderson said. Last year, the data processing division contributed 91 percent of the company's pretax income.

Fighting Sales Reps
"IBM is saying that its data processing clients no longer will be restricted to data processing products," he added. "Before sales reps from its different divisions were fighting with each other to get into the client. Meanwhile, IBM was losing sales to companies like Digital Equipment and Data General."

In response to questions about a possible restructuring, a spokes-

man at IBM headquarters said on Wednesday, "It would be to take advantage of growth opportunities in the future, the very same reason we've made such large capital investments over the past several years. It would not be to reduce staff."

Last week, Xerox announced in response to widespread speculation, that it would dismiss employees, as well as trim jobs through attrition, voluntary layoffs and inducements for early retirement. Analysts speculated that IBM, and perhaps Eastman Kodak, might soon follow suit.

Partly as a result, IBM offices were vibrating Wednesday with gossip about layoffs, forced retirements and embellished severance options. A sales official, who asked not to be identified, said the usual call for branch sales managers to meet with high company officials in various Westchester County offices had sent speculation rippling through the company.

"As you might imagine, there is not much work getting done," he said. "The latest rumor is that we're selling the general systems division to Mobil. Does that set the scene for you?"

Mr. Anderson said the hurting

| IBM | | |
|--|----------|----------|
| All amounts in millions except per share net | | |
| | 1980 | 1979 |
| Revenue | \$24,273 | \$22,843 |
| Profits (net) | 3,552 | 3,011 |
| Per Share | 3.44 | 3.44 |
| Total Assets (of Dec. 31) | 24,783 | 24,530 |

| Divisions contributing to 1980 revenue | |
|--|---------|
| | Percent |
| Data processing | 82% |
| Office products | 15.7% |
| Other | 2.5% |

of IBM's sales organizations might be an effective obstacle to the Justice Department, which has sought to split IBM into separate companies through its 12-year-old anti-trust suit.

"It looks a little better-skillet at first blush," he said of sales representatives being responsible for all IBM products. "But there is no better company in the world at training its people than IBM."

In addition to realigning its sales approach, there is speculation that IBM also is planning to de-emphasize copiers and typewriters, selling them through retail outlets, as personal computers will be sold.

British Banks Increase Base Rates To 16% to Aid Beleaguered Pound

By Allan Barker
LONDON — British banks lifted their base lending rates to 16 percent from 14 percent Thursday, the second sharp increase in two weeks encouraged by the authorities to tighten monetary policy and help the pound.

The decision, led by Barclays Bank, to raise the base rates from which all other lending rates in the economy are scaled, was in response to upward pressure on rates in the London money markets and high interest rates in other countries.

It ends any remaining doubt that the government of Prime Minister Margaret Thatcher intends to concentrate on the defeat of inflation, even if this means a further delay in industry's recovery from recession and adds to the nervousness on the London Stock Exchange.

countries such as France and Switzerland have pushed up their rates. This made the pound vulnerable.

On Aug. 20 the Bank of England abandoned its years-old system of announcing a minimum lending rate, preferring instead to let interest rates move with the money markets.

Last month the central bank gave an unambiguous signal that it wanted higher rates by sharply hoisting the interest rate on money that it lends to the market.

This week's lending rates on overnight and one-week money rose sharply to above 16 percent in response to conditions in the market and 194 percent dollar rates in the United States.

This opened a large gap between

bank base rates and market rates, which the central bank made no move to prevent.

"It was the authorities' stated intention that interest rates should be determined by market forces," Barclays General Manager John Quinton said. "This has now happened. We can no longer delay raising our base rates." He said that he hoped the increase would be temporary.

Consumers who take out home mortgages can expect to pay more for their loans shortly, while bank credit rates for top companies will rise to about 17 percent. Ordinary customers will pay around 20 percent for loans. Deposit rates were also raised to 14 percent from 11 1/2 percent.

BUSINESS NEWS BRIEFS

GM Cuts Financing Rate for Small-Car Buyers

DETROIT — General Motors, undercut in pricing by its domestic competitors, returned Thursday to offering reduced financing rates for buyers of its small, front-wheel drive cars.

GM said that it will offer car loans through its financing subsidiary at 13.8 percent for its X-body compacts and I-body subcompacts. The offer will extend through Nov. 11. U.S. car loan rates now are running above 16 percent.

The No. 1 automaker used the interest rate reduction program successfully in August and September. The revised program is more limited in scope, applying only to Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega and Buick Skyjack-X cars and the Chevrolet Cavalier, Pontiac J2000 and Cadillac Cimarron J cars. Reducing the financing rate effectively reduces a buyer's overall outlay for those cars by an average of \$500, GM said.

Hoechst Expects to Maintain Dividend in '81

FRANKFURT — Hoechst, the West German chemical giant, expects to pay an unchanged dividend of 7 Deutsche marks in 1981 despite falling profits due largely to rising raw material and energy costs, its management board chairman, Rolf Sammet, said Thursday.

World group turnover this year is expected to rise nearly 14 percent to 34 billion DM, Mr. Sammet said. He estimated parent company turnover in the first nine months at 9.1 billion DM, up 7.7 percent from a year earlier. He said turnover for the full year would probably rise 9 percent to 12.2 billion DM.

Occidental Petroleum and Libya in a New Oil Deal

LOS ANGELES — Occidental Petroleum Corp. said Thursday it reached a new arrangement with Libya that ensures the company a "good profit" on its Libyan oil operations.

Occidental said it will export more Libyan oil, on which it makes a "very good margin," and reduce the amounts on which margins have been poor.

Occidental, which has incurred losses on some aspects of its Libyan business this year, expects that changes in the types of oil it exports "will result in a profitable position in the fourth quarter," a spokesman said. The new arrangement was reached in weekend meetings in Tripoli between the company president, Robert Abboud, and Libyan officials.

Xerox Raises U.S. Fees for Rentals of Copiers

ROCHESTER, N.Y. — Xerox said Thursday that it will increase rental fees on its copiers and duplicators marketed in the United States by an average of 8 1/2 percent.

The company said the increases will be effective Nov. 1 or Jan. 1, depending on customer price plans. Customers on long-term contracts will receive increases in line with their contract terms, the company said.

Xerox said the action is expected to have little impact on 1981 domestic revenues but 1982 domestic copier-duplicator rental revenues will increase by about 3 percent.

Manor Care Agrees to Share Offer for Cenco

NEW YORK — Manor Care Inc. said Thursday that it agreed to offer \$16.50 a share for Cenco Inc.'s common stock, and Cenco agreed to recommend that its shareholders accept the \$168-million bid.

Manor Care said the offer is not subject to any minimum number of shares being tendered. Manor Care said Curtis-Wright Corp., owner of about 16.5 percent of Cenco's shares, has agreed to tender that stock unless another party makes a higher bid that Manor Care does not match.

Manor Care said it has arranged bank financing that it considers adequate to finance the offer for Cenco, which has 10,179,000 shares outstanding. Manor Care said the agreement also provides that it will have certain options and that Cenco will reimburse it for expenses incurred in connection with the proposed offer.

Suit Filed to Bar Penn Central Bid for Colt

DALLAS — Texas billionaire W. Herbert Hunt announced Thursday that the stockholders' group for which he is chairman had filed suit against Penn Central Corp. to block its \$1.4 billion bid for Colt Industries.

The suit, filed in federal court in Pennsylvania, alleges that the offer is a violation of Pennsylvania and U.S. law. The suit seeks to bar the proposed acquisition unless Penn Central's shareholders are afforded all of their various voting and appraisal rights under Pennsylvania law.

Hunt Contention
On Oct. 23, shareholders at both Penn Central and Colt are scheduled to vote on the acquisition.

Wall Street Prices Slightly Higher

NEW YORK — Prices on the New York Stock Exchange closed slightly higher Thursday after moving in a narrow range all day as the market treaded water for a second day following the sharp run-up early in the week.

The Dow Jones industrial average drifted lower most of the day but started gaining in afternoon trading to close up 2.28 at 872.26. Advances led declines by an 8-6 margin and volume gained slightly to 41.7 million shares from the 40.7 million traded Wednesday.

Analysts said investors are taking a "wait and see" attitude toward the market until they are sure the recent gains will hold.

The Dow average rose from a low of 807 Monday morning, and analysts said it is typical for the market to go through a process of "backing and filling" after such a broad swing.

There was general agreement that President Reagan's press conference had little effect on the mar-

ket. "The market is acting according to its own internal dynamics rather than any background news," Larry Wachtel of Bache Halsey Stuart Shields said.

But Monte Gordon of Oppenheimer & Co. said lower corporate earnings estimates may be acting as a depressant on the market.

Energy stocks were generally higher, benefiting from bargain hunting. Texas International gained 3 to 25. Phillips Petroleum 2 1/2 to 40 1/2. Kerr-McGee 2 1/2 to 68 1/2. Santa Fe International 2 1/2 to 57 1/2. Superior 1 1/2 to 31 1/2. Getty 1 1/2 to 25 1/2. Fitts 2 1/2 to 25 1/2.

Standard Oil of Indiana, which Wednesday reported a large natural gas find in the United Arab Emirates, gained 2 1/2 to 54 1/2 in active trading. IBM, which Thursday announced a major restructuring, lost 1/4 to 54.

Grumman rose 3 on heavy turnover to 36 1/2. It is fighting off a takeover bid by LTV, which added 1/4 to 15 1/2.

McGraw-Hill economist Wil-

liam E. Gibson said Thursday that despite the high cost of borrowing money, U.S. plant and equipment spending should climb 16 percent next year to \$371 billion from \$321 billion this year.

Mr. Gibson said the gains will stem from several factors, including a considerably stronger economic environment than this year, important tax incentives for investment and savings, and a gentler regulatory treatment of investment projects.

In corporate news, Ford Motor Co. said orders for its 1982-model cars are running 21 percent ahead of 1981-model orders a year ago, while 1982 truck orders are up 27 percent.

Natomatic said Thursday that an exploratory well in Matagorda County, Texas, tested gas at a calculated rate of 7.4 million cubic feet daily and has an open flow potential of 19.4 million cubic feet daily.

Western Airlines said Wednesday it will seek a new president and chief executive officer within 60 days and will scrap a merger agreement with Continental Airlines. Continental has been fighting a takeover bid by Texas Inter-

U.S. Agency Acts to Limit Size of Commodity Holdings

WASHINGTON — The U.S. Commodity Futures Trading Commission, worried by the boom and slump in the silver market last year, has adopted a new rule to prevent speculators from gaining control of commodity markets.

The CFTC on Wednesday unanimously adopted a regulation requiring exchanges to extend speculative position limits to a range of actively traded commodity contracts that previously had not been restricted.

The rule will mean restrictions on the number of contracts speculators can hold. Currently, the CFTC sets limits only on U.S.-produced agricultural commodities.

Under the new plan, limits could be imposed on trading in the principal U.S. commodity markets of silver, gold, copper, cocoa, coffee and sugar, but would also include heating oil, foreign currencies and bank certificates of deposit. Ceilings would also be imposed on nonstock options, which the commission plans to let futures exchanges start listing next year.

will have discretion in proposing the limits, they must submit the plans to the federal agency for approval. The markets have 90 days after the rule is published to submit their proposed limits.

The move follows the sharp rise and fall last year in the price of silver, which plummeted from more than \$50 an ounce in January, 1980, to around \$10 in March.

The CFTC's division of economics and education said the limits are designed to prevent "extraordinarily" large positions. It added that in some markets large speculative positions serve a legitimate purpose.

Some exchange officials said they were not happy with the CFTC action, though many acknowledged that they were not familiar with the details of the ruling.

GE Set to Acquire 3 Software Firms For \$68 Million

NEW YORK — General Electric said Thursday it will acquire three privately held computer software companies for up to \$68 million in a move designed to expand its computing services operation.

The company said the three companies, Banking Systems Inc., Dallas; Energy Systems of Denver Inc., and Software International Corp., will be acquired for between \$35 million and \$68 million, based on performance in the next few years.

GE said the three companies will become part of its General Electric Information Services Co. GE said the acquisition of banking systems and energy enterprises have already been completed and the purchase of Software International is expected to be completed early this month.

It said GE information services plans to participate broadly in the information communication market, which it said is expected to grow at a 20 percent annual rate and reach \$100 billion in revenues by 1991. Earlier this year, GE acquired Lambda Technology Inc., a custom software supplier.

Gregory J. Lizzardi, president of GE Information Services, estimated that the operation's 1981 revenues would top \$500 million. He said the company is looking to triple revenues to \$1.5 billion by 1985.

Speculative position limits are aimed at protecting commodity markets against harmful consequences that may result from extraordinarily large positions acquired by speculators, according to CFTC economists.

Although commodity exchanges



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CURRENCY RATES

Inter-bank exchange rates for Oct. 1, 1981, excluding bank service charges.

| | \$ | £ | DM | FF | S | Y | ₹ | ₪ | ₹ | ₪ | ₹ | ₪ | ₹ | ₪ | ₹ | ₪ | ₹ | ₪ | ₹ |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Australia | 1.48 | 0.75 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Canada | 1.32 | 0.71 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| France | 6.55 | 0.16 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Germany | 2.48 | 0.40 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Italy | 1.36 | 0.73 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Japan | 1.48 | 0.75 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Spain | 1.66 | 0.60 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Switzerland | 1.48 | 0.75 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| UK | 1.00 | 1.00 | 1.75 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |

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|--|--|--|--|
| 12M P/1 1.24 1.18 0.00 11.0 11.0 11.0 11.0 | 12M P/2 1.24 1.18 0.00 11.0 11.0 11.0 11.0 | 12M P/3 1.24 1.18 0.00 11.0 11.0 11.0 11.0 | 12M P/4 1.24 1.18 0.00 11.0 11.0 11.0 11.0 |

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Volcker Urges Passage Of Bill Aiding Thrifts

United Press International
WASHINGTON — Federal Reserve Board Chairman Paul A. Volcker Thursday urged Congress to act quickly to approve emergency legislation that would authorize cross-industry takeovers and financial aid for troubled thrift institutions.

Continued high interest rates have created severe earnings problems for financial institutions that are hampered by long-term, low interest mortgage portfolios while being forced to pay customers high interest rates on investment instruments to remain competitive.

House Banking Committee Chairman Fernand J. St Germain, a Rhode Island Democrat, introduced the legislation on behalf of Mr. Volcker and the other government regulators of financial institutions who developed the proposal. It would expire Dec. 31, 1982.

Mr. Volcker told the committee Thursday that the thrift industry's problems are "transitional in nature" and the basic solution "must be found in the context of success in the fight on inflation, bringing lower and more stable interest rates."

In the meantime, he said, "We must also be prepared to deal with the possibility that an increasing number of thrifts... could find their capital depleted to the point of technical insolvency or failure, and some will face a need for reorganization and merger."

He said, "Part of our approach should be to provide reasonable support to those institutions that can and should survive problems not of their own making."

One provision of the bill would allow temporary capital assistance to failing thrifts through federal insurance funds.

Mr. Volcker said that if high interest rates continue, the legislation could save hundreds of millions of dollars because it would cost less to help thrifts over a temporary rough spot than for the institutions to liquidate, draining federal deposit insurance funds.

The legislation also sets up guidelines arranging government-supervised mergers between now and the end of 1982. "As a last resort," Mr. Volcker said, the legislation "would permit acquisition of thrifts by healthy out-of-state thrift institutions, or alternatively, bank holding companies."



Paul A. Volcker

Japanese Set to Announce Program to Boost Imports

By Takeshi Sato
Tokyo — Japan will disclose a plan Friday for increased imports of manufactured goods in an effort to reduce mounting criticism of its booming exports while giving a boost to its economy.

Toshio Komoto, director-general of the Economic Planning Agency, said Thursday that the measures would include enlarging the oil stockpile, bringing forward some public works projects and helping domestic industries in recession.

A Cabinet committee of economic ministers will also revise some economic forecasts for the fiscal year ending next March, one of which is to be an upward revision in the current account, to a surplus of 57 billion from last December's forecast of a \$6 billion deficit.

The Finance Ministry said Tuesday that the surplus for the first eight months of the 1981 calendar year was \$643 million, up from a \$122.1 billion deficit in the first eight months of 1980.

Underlying government fears that Japan could face fresh trade friction from the United States and Western Europe were ministry figures that showed that surging exports in the eight months lifted the visible trade surplus to \$10.99 billion after a \$3.43 billion deficit a year ago.

Also, Finance Ministry officials Thursday predicted that Japan's current account and overall balance of payments surpluses will widen substantially in September from August surpluses of \$393 million and \$601 million, respectively.

The current account surplus for last month is expected to be large, but as yet unspecified, aided by strong exports. With a continued capital inflow through portfolio investment by nonresidents and external bond issues by Japanese companies, the September overall balance will have a surplus roughly estimated at about \$1 billion, the officials said.

Official figures will be announced later this month, but they added the external bonds issued by Japanese corporations in September will total about \$900 million, mostly on the Eurobond market, compared with \$279 million in August. Net investment by nonresidents in Japanese bonds through Gen-said trading will be as much as the \$1.06 billion in August, they added.

Although exports are booming, Japan's economy — the world's second largest after the United States — is recovering at a slower pace than expected following recessions in other major industrial democracies and big increases in oil import costs.

Output Off
 Industrial production fell 2.2 percent in August after an increase of 1 percent in July.

Mr. Komoto gave no further details of the measures. But last month he had said they might include increasing imports of about 20 rare and strategic metals, such as molybdenum, manganese and nickel, for stockpiling.

The International Trade and Industry Ministry said last month that Japan would boost its crude oil stockpile, kept at sea in idle tankers, by about 30 percent to 39.18 million barrels — enough to cover needs for about 18 days.

EPA sources said Thursday that the new measures might include investment promotion and joint technological research and development with foreign countries, especially Western Europe.

The measures are being announced a day before a strong Japanese economic mission leaves for visits to several EEC countries.

Mr. Komoto did not indicate measures likely to be adopted to help domestic industries. But Japan's Federation of Economic Organizations (Keidanren), grouping top businessmen, has urged the government to introduce emergency measures to help aluminum smelting, pulp and paper production and other domestic industries in recession.

Ford-Werke's New Manager Making Better Ideas Pay Off

By John Tagliabue
New York Times Service

FRANKFURT — After four years teaching high school in a Paris suburb, Daniel Goedevert decided he wanted to "make some money."

He did it by selling cars — first for Citroen, the French auto maker, where he rose to chief of the sales unit in West Germany, and then for Renault, first as sales manager in Germany and later as director of overseas sales at the company's Paris headquarters.

Since last January Mr. Goedevert, 38, has been general manager of Ford-Werke, Ford's troubled West German subsidiary. Though it is too early for a final verdict, Mr. Goedevert seems to be altering radically its fortunes through his peculiar brand of brashness, enthusiasm and flair for money making.

Ford-Werke has begun to meet the demand for small fuel-efficient models, and sales have jumped 20 percent since January. The subsidiary, which lost 587 million Deutsche marks last year, seems headed back into the black.

Amid workmen assembling the Ford exhibit at the recent Frankfurt auto show, Mr. Goedevert recounted proudly that Citroen executives asked him, "Are there any more teachers who want to sell cars where you came from?"

"Let's face it," he added, "a good teacher is a successful sales-

man. He sells ideas, and he motivates. That's what selling is all about."

Badly Needed
 Ford badly needs a salesman in West Germany. After a five-year boom, sales plunged last year as demand for Ford's big cars collapsed. Sales in 1980 were 10.8 billion DM, down from 13.57 billion DM the year before, causing the big loss in contrast to 1979 profit of 628 million DM. Production was cut, and 6,000 workers at the plants in Cologne and Duren were given financial inducements to leave.

The corporate parent in Dearborn, Mich., felt the loss keenly. Troubled by the slowdown in the U.S. market, Ford had been able to borrow more than \$500 million from its German subsidiary in 1979 in addition to pocketing Ford-Werke's earnings. Ford traditionally has counted on its foreign operations to help see it through domestic difficulties.

When Mr. Goedevert arrived, the difficulties involved more than just sluggish sales. For one thing, labor leaders at Ford-Werke were restless. The subsidiary had gone through eight general managers in the last 15 years, and worker representatives on its policy-making board asserted that a scapegoat policy masked the real problem of an aging production line. Mr. Goedevert's predecessor, Peter

Weiler, became sales director at Volkswagen of America when Ford refused to renew his contract. Mr. Goedevert acknowledged that morale is a problem. He said he is trying to win over labor by delegating more decision-making to small worker groups.

Among other things, Mr. Goedevert may have to deal with possible friction within Ford of Europe, the British-based organization that Ford established in 1967 to oversee its operation throughout Europe. Although Ford executives deny that any friction exists among the units based in various countries, Mr. Goedevert said one of his first actions was to ask Ford executives in the United States for approval of his strategy and a certain freedom of action.

"Significant" Change
 An auto analyst at Commerzbank in Frankfurt expressed optimism. He said, "Mr. Goedevert's position seems quite different from Mr. Weiler's. In the past, Ford-Werke's biggest cross seems to have been that London had to clear even everyday decisions, and that led to an awful lot of bad decisions. Now Mr. Goedevert has brought a good chunk of decision-making back to Cologne, and that's a significant development."

Like Robert Lutz, the Swiss native who heads Ford of Europe, Mr. Goedevert is fluent in French, English and German and

displays a good feel for West European market conditions.

Mr. Goedevert attributes last year's dismal results primarily to a poor model selection. Now the new Escort and a new version of the Granada, Ford's big car, have widened the choice for buyers. Mr. Goedevert said Ford-Werke would bring out a new model every year for the next five years.

"You get into a vicious circle," he said, "Your sales fall, then your image suffers, and that worsens your sales. We were lacking customer loyalty."

Performance Boost
 Whatever the long-term effects of the Goedevert strategy may be, Ford-Werke has performed well so far this year. Though the West German car market contracted 5 percent in the first seven months, Ford's new registrations, a barometer of sales, rose 20.4 percent, to 190,000 units. The Escort led the success, selling more than 100,000.

"I have the impression," the Commerzbank analyst said, "that the German units of the United States giants now have models, like Ford's Escort, that are closer to the international trend than their competitors."

Ford-Werke's losses continued in this year's first two quarters, but the market share rose to 12.7 percent from 10.1 percent in 1980. And at Cologne, where workers were let go last year, 900 have been

hired to raise the production of Ford Fiestas, Capris and Grandas to 1,140 a day from 850.

Mr. Goedevert's biggest problem may be with the West German government. Fresh from France's Renault, which has long sought tough import restrictions against the Japanese, he is at odds with Bonn over its refusal to limit competition from the Far East.

He is also troubled by other government measures. A few days before the Frankfurt auto show opened, for example, the minister of the interior called for curtailment of auto use. This official, who is responsible for preserving the environment, declared the Sunday following the show to be "auto-free," encouraging West Germans to leave their cars at home that day.

Third World Leader Bitter on SDR Decision

By Hobart Rowen
Washington Post Service

WASHINGTON — A leading Third World spokesman Thursday charged that the International Monetary Fund's decision this week not to continue allocating special drawing rights was tantamount to "an abandonment of the existing international monetary system."

Cesar Varata, prime minister and finance minister of the Philippines said that unless the IMF continues to issue SDRs on an expanded basis, "the poor countries will find the IMF inadequate for their requirements and will not avail themselves of IMF facilities."

In that case, Mr. Varata said, "the IMF's influence will be reduced to the extent that it will have only a limited impact on the adjustment process."

The SDRs — a paper credit issued periodically by the IMF to its member countries — can be exchanged for hard currencies. SDRs thus have been one of the principal liquidity props for the poor nations. In addition to fighting for more SDR issues by the IMF, the poor countries long have been seeking a bigger and disproportionate share.

Mr. Varata, who is also chairman of the cluster of poor nations represented as the Group of 24, hinted that as a consequence of the IMF decision on SDRs, and related efforts at the annual meeting here this week to minimize the IMF's effectiveness, the poor nations at the Cancun, Mexico sum-

mit next month may call for "a world monetary conference to set up a new international monetary system."

The minister expressed the hope that the Cancun summit would get away from the fruitless confrontation at the United Nations on North-South issues, where the "gulf has grown between the ultra-conservative position and the most radical demands." He said the world leaders could arrive at a middle ground. Essential elements in a reasonable compromise, Mr. Varata said, would be a reduction in protectionism, lower interest rates, and "greater financing of energy development" in the Third World.

Mr. Varata said that the poor nations represented by the Group of 24 came to Washington this week convinced that the IMF management, led by director Jacques de Larosiere, would back a continuation of SDR creation at an expanded level. The group room-mended that the current issue level, 4 billion SDRs (roughly \$4.5 billion) be increased next year to 12 billion SDRs.

But U.S. objections, supported by the Britain and by West Germany, killed this proposal, although Canada and other supportive nations salvaged a compromise by which the policy-making

Interim Committee directed a study of continuation of SDR creation at the current 4 billion rate.

Since that announcement by the Interim Committee last Sunday, the United States and West Germany have again spoken up, and strongly, against the need for even this level of SDR issue, and Mr. Varata admitted that he is "not hopeful" that there will be any continuation of the special credit.

It is clear, also, that he believes that the IMF and Mr. de Larosiere have let the poor nations down on this question.

"If you follow the arguments of those blocking the SDR," Mr. Varata said, "they say there's enough liquidity in the world — more isn't needed. But reserve currency countries [such as the United States] can have endless liquidity, and if the SDR is to have only a residual role, we'd better think of a new monetary system."

"If the SDR is to be the centerpiece of the system, it must be allowed to grow. Otherwise, it won't be the centerpiece, but the tailpiece."

Mr. Varata also rejected the U.S. view that the IMF should tighten the conditions on which it makes loans. If anything, he said, conditionality should be eased in view of the external pressures being brought to bear on the

LDCs as a consequence of higher interest rates, and the second oil shock.

But where deficits arise out of domestic decisions, Mr. Varata acknowledged the need for belt tightening. In the Philippines, he noted, because of an awareness that the resources of the rich nations are limited, the potential economic growth rate has been cut back from 7 percent to 5 percent in real terms.

The Third World leader was skeptical of the universal applicability of the U.S. efforts at the annual meeting this week to emphasize the private sector. "In the very poor countries just starting up, many do not even have a private sector," he said.

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 Gulf International Bank S.C. The Long-Term Credit Bank of Japan, Limited
 The Mitsui Trust & Banking Company, Limited The National Commercial Bank (Saudi Arabia)

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| <ul style="list-style-type: none"> Arab Banking Corporation (ABC) Kuwait Foreign Trading Contracting & Investment Co. (S. A. K.) Gulf International Bank S.C. The Mitsui Trust & Banking Company, Limited Banco Hispano Americano, S.A. The Commercial Bank of Kuwait S.A.K. Santander Bank (Bahamas) Limited - Nassau Arab Bank for Investment and Foreign Trade Bank of Rome - Hong Kong Branch The National Bank of Kuwait S.A.K. Arab Turkish Bank | <ul style="list-style-type: none"> The Fuji Bank, Limited Arab Bank for Investment and Foreign Trade, Abu Dhabi ITCB Asia Limited The Saudi National Commercial Bank, Bahrain The Saitama Bank, Ltd. Istituto Bancario San Paolo di Torino, New York Agency Santander-Latino Bank S.A., Luxembourg Arab International Bank, Cairo Moscow Narodny Bank Ltd, Beirut Branch The Tokyo Trust and Banking Company Limited Commerzbank (South East Asia) Limited |
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Nagfin Bank Limited

Arab Banking Corporation (ABC)
 Agent Bank

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SAUDI CABLE COMPANY

S.R. 220,000,000

Medium Term Loan

Lead Managed by
THE SAUDI BRITISH BANK

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CHEMICAL BANK

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

CROCKER NATIONAL BANK

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ANTONY GIBBS & SONS, LIMITED

NATIONAL WESTMINSTER BANK LIMITED, BAHRAIN OBU

SECURITY PACIFIC NATIONAL BANK

AL SAUDI BANQUE

GULF INTERNATIONAL BANK B.S.C.

Agent

THE SAUDI BRITISH BANK

Toronto Stocks

Table of Toronto stock closing prices for Sept. 30, 1981. Includes columns for stock symbols, prices, and changes.

Selected Over-the-Counter

Table of selected over-the-counter stock closing prices for Oct. 1, 1981. Lists various stocks and their prices.

U.S. COMMODITY PRICES

Table of U.S. commodity prices including Chicago futures, international monetary market, and various commodity prices.

Montreal Stocks

Table of Montreal stock closing prices for Sept. 30, 1981.

European Stock Markets

Table of European stock market closing prices for Oct. 1, 1981, including Amsterdam, London, Zurich, and Frankfurt.

Tokyo Exchange

Table of Tokyo exchange closing prices for Oct. 1, 1981.

Canadian Indexes

Table of Canadian index closing prices for Oct. 1, 1981.

European Gold Markets

Table of European gold market closing prices for Oct. 1, 1981.

Gold Options

Table of gold options prices in \$/oz.

Values White Weld S.A.

Table of Values White Weld S.A. stock prices.

European Options Exchange

Table of European options exchange prices.

Frankfurt

Table of Frankfurt stock market closing prices.

Milan

Table of Milan stock market closing prices.

Advertisement for International Income Fund, providing details on investment options and fund performance.

Large advertisement for Xerox Credit Corporation, featuring a \$100,000,000 offering of 16% notes due 1991, and listing various financial institutions.

Market Summary

Table summarizing market activity, including NYSE Most Actives and Dow Jones Averages.

London Metals Market

Table of London metals market prices for various metals.

Dou Jones Bond Averages

Table of Dou Jones bond averages for various bond categories.

Standard & Poors

Table of Standard & Poors stock index values.

NYSE Index

Table of NYSE index closing prices.

Odd-Lot Trading in N.Y.

Table of odd-lot trading activity in New York.

American Most Actives

Table of American most active stocks.

AMEX Index

Table of AMEX index closing prices.

Futures Dow Jones

Table of futures Dow Jones index prices.

Paris Commodities

Table of Paris commodity prices.

Dividends

Table of dividend payments for various stocks.

Commodity Indexes

Table of commodity index values.

Stocks

Table of stock prices for various companies.

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Advertisement for Thursday's New Highs and Lows, listing various stock price movements.

Advertisement for Managers See Bargains on Wall Street, discussing market trends and investment opportunities.

Advertisement for Short vs. Long Term, comparing short-term and long-term investment strategies.

Advertisement for Money Managers Have to Buy to Place their bets on stocks, discussing market volatility and investment choices.

Advertisement for At the end of 1980, institutions managed roughly a third of the total value of common stocks of U.S. companies, discussing institutional investment trends.

Advertisement for We think we're in for a long period of declining interest rates, discussing the impact of interest rate changes on the market.

Advertisement for A recession would depress corporate earnings in what a few months ago was expected to be a strong economy in 1982, discussing economic outlook and market expectations.

Advertisement for Japan's VTR Exports Doubled in August, discussing trade trends and the electronics industry.

Advertisement for General Allied Oil and Gas Co., featuring a globe logo and details about the company's 450,000 common shares.

AMEX Nationwide Trading Closing Prices Oct. 1

Tables include the nationwide prices up to the closing on Wall Street.

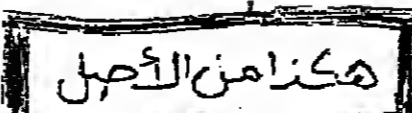
Table with multiple columns listing stock symbols, prices, and market data for various international and domestic securities.

CLASSIFIED ADVERTISEMENTS

Multiple classified advertisement sections including Real Estate, Employment, Automobiles, and other services.

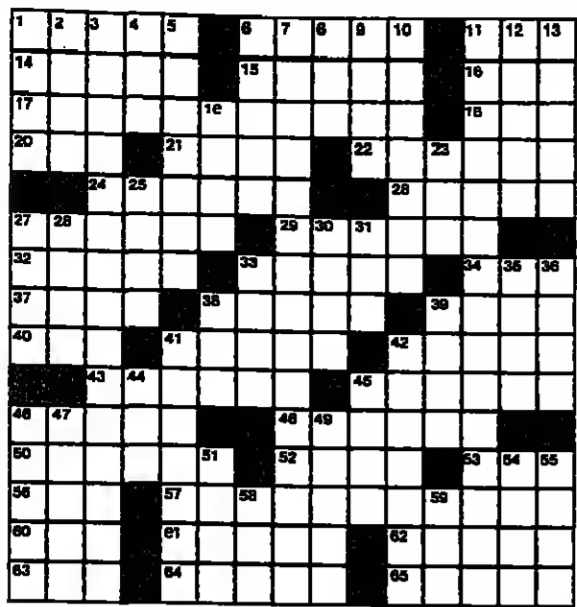
ASK FOR IT EVERY DAY. EVERYWHERE YOU GO.

International Herald Tribune We've got news for you.



CROSSWORD

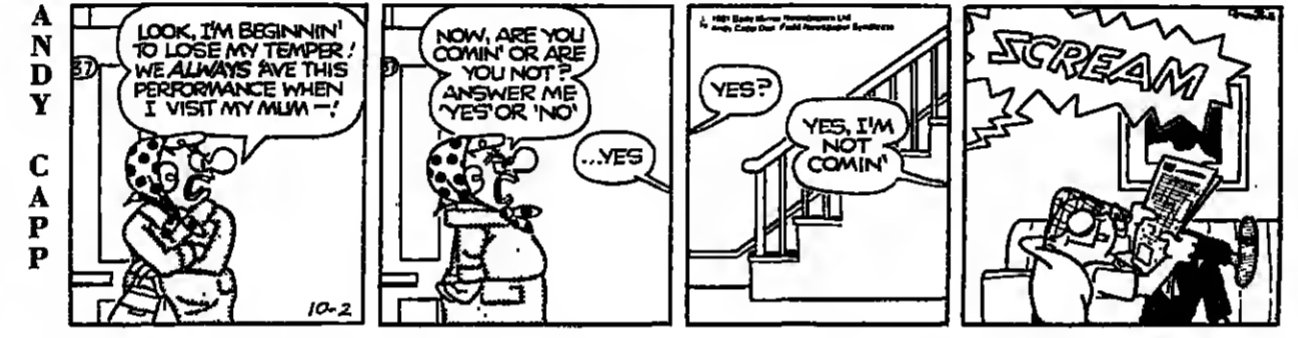
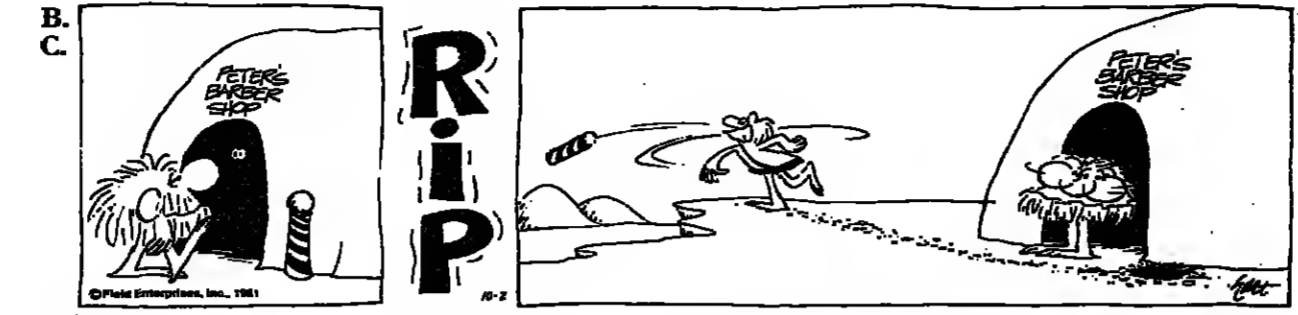
By Eugene T. Malaska



- ACROSS: 1 Temple teacher, 6 Brooks, 11 Lady Capulet's cry, 14 Buffalo neighbor, 15 'Bow to Succeed', 16 High sign, 17 Game Morris and Mickey play?, 18 Dope; sap, 20 One of the little foxes, 21 Mild cheese, 22 Natty, 24 Like a nomad, 26 Possible successor to the quart, 27 By a whisker, 29 Enclosed, as a note, 30 '... merry, merry month', 33 Rulers of muscles, 34 Cuk off, 37 Discontinue, 38 Soft, 39 Fahrenheit reading, 40 Part of i.o.u., 41 Super or ultra ending, 42 A central point, 43 Confined, 45 Coda, 46 What inspired Walt, 48 Birthstone for F.D.R., 50 Abduct Felix?, 52 Suit to, 53 Radio program, 54 Kind of valve, 57 Anything 'super' to a flapper, 60 Body blimp, 61 Match, 62 Tuscan city, 63 Saturate, 64 Winged ant, 65 Park, Colo., 12 Black eye, 13 Laws trimmer, 16 Time for like a big push, 23 Tackback of TV, 26 Bring in crops, 27 Legislature, for one, 28 Bouffant hair style, 30 Chair-a-flapper, 31 Endover, 32 Writer, 33 Morrison, 35 Kind of contract, 36 No. 1 slot at the track, 38 Part of 'it', 39 Type of defense in some sports, 41 Where Palembang is, 42 Bridge play, 43 Darts's foe, 45 Violin feature, 46 Letters, 47 Arawakan tongue, 48 Start of a Dickens title, 49 TV's Donahue, 54 Tor sitch, 55 'When—a tad...', 58 Spacewalk, for short, 59 Musical syllables

WEATHER

Table with columns for city, high, low, and weather conditions. Includes cities like ALGARVE, ALIERS, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DAMASCUS, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.



JUMBLE: A word game where letters are scrambled. Includes a cartoon of a character in a bathtub and a list of words to be unscrambled: TELAH, DEKEY, HINBED, UNISCO.

DENNIS THE MENACE: A cartoon of a character in a suit and hat. Includes a speech bubble: 'CAN I RIDE WITH THE PLUMBER WHEN HE GOES BACK TO THE SHOP FOR SOMETHIN' HE FORGOT?'

BOOKS

SECOND CHANCE

By Stephani Cook. 377pp. \$13.95. Simon and Schuster, 1230 Ave. of the Americas, New York 10020.

Reviewed by Laurel Lee

In her early twenties, Stephani Cook had already achieved the glittering externals. She had graduated from a prestigious college and, as a model, had seen her face on the covers of magazines. She had married a Wall Street businessman, and had given birth to two children. Then her golden life began to deteriorate.

Stephani Cook was not happy. The routines of married life bored her, and she felt the press of self-denial involved in raising small children. Unknown to her family, she closed herself off at night to weep in the bathroom.

"Howling at the white tiles as I progressively lost control and respiration, sobbing and gurgling into yards of toilet paper I never bothered to detach from the roll, loathing myself for all this neurotic need coming to the surface like scum... I was rotting from the inside out."

The medical team pursued the malady through a D & C, a procedure that scrapes tissue from the uterine wall. Her extreme chest pains would be relieved through a regime of narcotics. When the symptoms eluded all treatment and a further batch of chest X-rays showed an increase of sinister dark blotches, it was determined that blood clots, or emboli, were being manufactured by her body, and in sweeping through her veins, were endangering her life.

"Second Chance" captures portions of the soul and pins them to the page. The author has a skill with the written word that makes vivid her physical and mental sufferings. Her language is rich with insights and imagery.

When chemotherapy finally arrested all evidence of the disease, she was discharged from the hospital. After agonizing between the internal voices of desire and duty, Cook decides to divorce her husband. Now single, she begins her life again.

Illness had become an occupation by this time. The world had become a kind of narrow shelf, elevated above the cares of daily life. There was a pillow of drugs that could absorb some of the pain and terror, and there was the ever-present threat of rolling off the shelf and being bundled into eternity.

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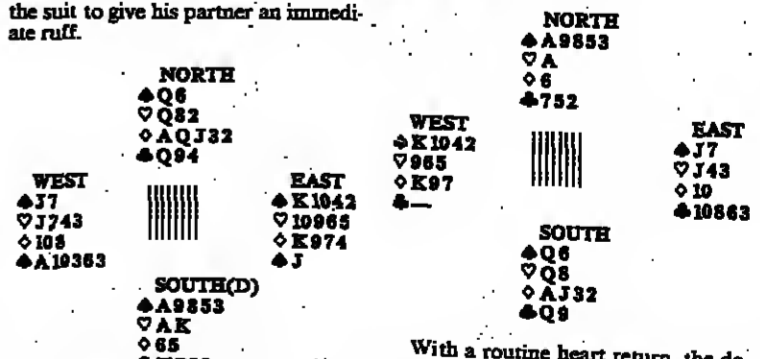
ADVERTISEMENT INTERNATIONAL FUNDS October 1, 1981. Lists various investment funds and their values.

BRIDGE

By Alan Truscott

SOME types of play are familiar to the expert but little known to the average player. One of these is the ultra-finesse, in which a declarer tackles a suit in unusual fashion in order to prepare for a pinning maneuver.

Two Swedish players brought off these moves on the same deal, in a match against Ireland in the 1981 European Championship. They were playing in different rooms and combined to turn a likely loss, due to inferior bidding, into a profit. The deal, shown in the diagram, was reported by Phillip Alder, the editor of England's Bridge magazine. It will be a candidate for the 1981 Bols Brilliance Prize contest conducted by the International Bridge Press Association.



Matters deteriorated further, from the Swedish angle, when the Irish West led the club ace and continued the suit to give his partner an immediate ruff.

oyals Clinch Divisional Playoff Berth; eds Cut Astros' Lead With 5-2 Victory

ansas City to Play Oakland for Title Cincinnati Trailing by a Half Game

United Press International
DOMINGTON, Minn. — Hurdle hit a decisive two-run homer...

SEBALL ROUNDUP

ampionship, in the American West miniplayoff series...

hargers' Dean Threatens to Quit over Salary Feud

AN DIEGO — Fred Dean, San Diego's all-pro defensive end, has announced that he would rather...

White Sox 10, Angels 3

In Chicago, Greg Luzinski hit his 20th home run of the season...

Brewers 10, Red Sox 5

In Milwaukee, Cecil Cooper's three RBIs and Robin Young's four hits led Milwaukee over Boston...

Major League Standings

Table with columns for National League and American League, listing teams, wins, losses, and percentages.

Wednesday's Baseball Line Scores

Table listing scores for various baseball games on Wednesday, including Cincinnati vs Houston and Philadelphia vs Atlanta.

Major League Leaders

Table listing top performers in various categories like batting average, home runs, and RBIs.

INTERNATIONAL Herald Tribune advertisement with subscription rates and contact information.

United Press International
CINCINNATI — Ron Oester tripled to begin a two-run sixth inning...

Phillies 8, Cardinals 5

In Philadelphia, Lonnie Smith doubled home the tie-breaking run in the seventh inning...

Brewers 9, Giants 2

In Atlanta, Larry McWilliams pitched an eight-inning game...

Padres 2, Dodgers 0

In Los Angeles, Tim Flannery's sacrifice fly in the eighth inning delivered Terry Kennedy from third base...

Expos 3, Pirates 2

In Pittsburgh, Larry Parrish tripled home two runs and scored a third as Montreal beat Pittsburgh...

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United Press International
and walked Dave Klignam intentionally before Mazzilli singled to left to snap a 1-1 tie.

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Manny Trillo, second baseman for the Philadelphia Phillies, accidentally kicks the helmet off of Dave Green, a Cardinal baserunner, during a double play in the Phillies' 8-5 victory.

A Bill of Rights for College Athletes

By Dave Anderson
New York Times Service
NEW YORK — When he was a backup defensive end on Notre Dame's 1956 national championship football team...

Yes, some day a Michigan guard may go to court to transfer to Michigan State without losing a year of eligibility.

Yes, some day a second-string Alabama linebacker may sue for medical damages.

Yes, some day a third-string Penn cornback may sue for an additional year of tuition.

There's an inherent contradiction now in college sports, Sack says. They're trying to impose an amateur label on what is obviously mass commercial pro entertainment.

Tom Hansen, the assistant executive director of the National Collegiate Athletic Association, has attacked Sack's bill of rights as "totally contrary to the spirit of college athletics."

Behind that multimillion-dollar dispute is the eventual struggle for additional cable TV profits for leading football colleges.

With so much money involved, those colleges have clearly turned pro. No matter how the administrators of those colleges rationalize it...

Call them the NCL — the National College League. Now that the colleges have turned pro, they've obviously turned their players on as well.

At a news conference this week in Washington, the athletes' "bill of rights" was promulgated.

"The right to sport free from discrimination by race or sex."

"The right to tuition-free courses at any time if necessary to complete an athlete's undergraduate education."

"The right to legal assistance and due process in disputes with athletic departments and coaches."

"The right to remedial courses, tutoring and counseling geared to a quality education, not athletic ability."

"The right to an athlete's letter of intent signed by the coach clearly outlining the school's educational and financial obligations to the athlete."

"The right to a multiyear grant-in-aid which would allow athletes to complete their degree even if seriously injured."

"The right of equal access to facilities, coaching and equipment for males and females."

"The right to a fair share of the revenue generated by the athlete through contracts, gate receipts, championship contests and merchandising."

"The right to form unions and bargain collectively on all issues affecting financial aid and working conditions."

"Many years ago club owners laughed when the baseball players formed their unions. And not many people took them seriously at first. But the club owners do not laugh now — everybody takes it seriously — everybody except the college sports administrators, who think it can't happen to them."

Organizers Tell IOC All Is on Schedule for Los Angeles Olympics

United Press International
BADEN-BADEN, West Germany — Peter V. Ueberroth, chairman of the Los Angeles Olympic Organizing Committee, said Thursday that preparations for the 1984 Summer Games, the first to be financed privately, were well on schedule.

In presiding a progress report to the International Olympic Committee, he said that work on 18 of the 21 venues had been completed. The swimming pool will be finished by 1983 and cycling facilities within the next six months, he said, but added that there had been no progress yet on the shooting venue.

Fearing an African boycott of the 1984 Olympics, however, he later condemned the recent South African rugby union tour of the United States as shameful.

Speaking at a news conference following the organizing committee's presentation of its report, Ueberroth said: "We did everything possible to prohibit this tour from coming. We had help. The American people forced this awful tour to play in hiding in a shameful way. We are against apartheid and against the people who brought them here. We think they left in such disgrace we hope they will not be back."

Describing the Los Angeles Olympics as "the least commercial Games in history," Ueberroth said it was being privately funded without any government or state support.

The organizers expected the Olympics to cost \$400 million, with revenue coming from TV rights, commercial sponsorship, ticket sales and a coin program.

"We do not want to make a profit," Ueberroth said, "but we would like to finish with a small surplus to show that staging Olympics can still make economic sense today."

Ueberroth also delivered a telegram from President Reagan to Juan Antonio Samaranch, president of the International Olympic Committee.

The telegram read: "I am delighted to congratulate you on the success of the 11th Olympic Congress at Baden-Baden and applaud the great strides taken on behalf of the Olympics under your firm leadership."

"I want you and all the leaders of the Olympic family gathered with you today to know that my administration and the American people strongly support the principles of the Olympics."

"We look forward to greeting participants and spectators from all the Olympic nations in Los Angeles in 1984. It is my sincere desire that the Games of the 23rd Olympiad will greatly enhance mutual respect, friendly competition and the cause of international understanding."

Some 16,000 youth volunteers worked during the summer months of 1980 and 1981 to help build venues at points where machinery could not be used, said the Sarajevo Organizing Committee president, Anton Susic.

The budget for the Games was \$150 million in \$160 million, of which 50 percent would be provided through marketing programs and the rest from the city of Sarajevo, the republic of Bosnia-Herzegovina and the Yugoslav government.

IOC Votes to Add 2 Olympic Sports For 1988 Games

United Press International
BADEN-BADEN, West Germany — The International Olympic Committee Thursday decided to reinstate tennis, after an interval of 57 years, and add table tennis as Olympic sports for the 1988 Summer Games in Seoul.

Tennis was in the Olympics from the inaugural Games in Athens in 1896 to the Games in Paris in 1924. The International Tennis Federation then withdrew, complaining that the Paris facilities were inadequate and the officials incompetent.

Both tennis and table tennis will be restricted to individual events, without any team competition. Tennis already had been approved as an exhibition sport in the 1984 Games at Los Angeles, with no medals.

Hamburg, Bastia Among Soccer Winners

United Press International
Hamburg turned an 0-1 first-leg home deficit into a 6-4 aggregate soccer victory Wednesday by defeating Utrecht of the Dutch League, 6-3, in a violent UEFA Cup match.

Dutch supporters threw bottles and stones at the German players, spat at them and poured beer over their heads and reserves on the bench. Police with dogs tried to control the rioting fans but with little success.

Play was interrupted twice, once for six minutes, when fans ran to the pitch and harassed players. At one point, Utrecht supporters poured beer over the Hamburg goalie, Uli Stein.

"I have never seen anything like it," said Hamburg club manager, Günther Netzer. "What I can't understand is what little control the police seemed to have."

The team left immediately after the match to stay overnight in Düsseldorf. "It was too dangerous to go back to Zeist," Netzer said. "We were frightened for our lives."

Real Madrid, meanwhile, squeezed through to the second round of the UEFA Cup with a victory on the away-goals rule over Tatabánya of the Hungarian League. Real won the match, 1-0, and ended 2-2 on aggregate after losing, 2-1, in Hungary in the first leg.

"This wasn't soccer," said Real President Luis de Carlos. "We underestimated our opponents."

In Bastia, Corsica, Bastia's 5-0 victory over Kotka in the second leg of the Cup Winners' Cup was highly praised by its Finnish opponents and aroused Corsican hopes of a season similar to that of 1978, when it reached the UEFA Cup final.

Soccer Results

Table listing results of various soccer matches, including UEFA Cup and Cup Winners' Cup games.

CLASSIFIED ADVERTISEMENTS section containing real estate listings, property descriptions, and contact information for various agencies.

